

ROUTING AND TRANSFERRAL SLIP

Date
JAN 2 1 1981

TO: (Name, office symbol, room number, building, Agency/Post)		Initials	Date
1. <i>WDPH</i>		<i>H</i>	<i>1/21</i>
2.			
3.			
4.			
5.			

Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
Circulate	<input checked="" type="checkbox"/> For Your Information	See Me
Comment	Investigate	Signature
Coordination	Justify	

REMARKS

*Cys of opening statement
(copy) to office director
and senior staff.
In Done*

MORI/CDF Pages 3 thru 109

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

FROM: (Name, org. symbol, Agency/Post)	Room No.—Bldg.
	Phone No.

5041-102

OPTIONAL FORM 41 (Rev. 7-76)
Prescribed by GSA
FPMR (41 CFR) 101-11.206

Page Denied

DD/A Registry
81-0102

OLC 81-00689
15 January 1981

DD/A REGISTRY
FILE: Legal

MEMORANDUM FOR: See Distribution

FROM : Legislative Counsel

SUBJECT : Transcript of William J. Casey's Testimony at the 13 January
1981 Confirmation Hearing

Attached please find a copy, for your retention, of Mr. William J. Casey's testimony at his confirmation hearing on 13 January 1981 before the Senate Select Committee on Intelligence.

/s/ **Frederick P. Hitz**

Frederick P. Hitz

Attachment:
As stated

Distribution:

DCI
DDCI
DCI/RM
DCI/CT
Transition Team
DDO
DDA ✓
DDS&T
General Counsel
IG
Comptroller
Director, PPPM
Public Affairs
Director, NFAC

OFFICIAL TRANSCRIPT

OLC #0069

SELECT COMMITTEE ON INTELLIGENCE

UNITED STATES SENATE

NOMINATION OF WILLIAM J. CASEY,
TO BE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C.

January 13, 1981

ALDERSON REPORTING

400 Virginia Ave., S.W. Washington, D. C. 20024

Telephone: (202) 554-2345

C O N T E N T S

<u>STATEMENT OF:</u>	<u>PAGE</u>
William J. Casey	22

300 7TH STREET, S.W., REPORTERS BUILDING, WASHINGTON, D.C. 20024 (202) 554-2345

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

ALDERSON REPORTING COMPANY, INC.

1 NOMINATION OF WILLIAM J. CASEY,
2 TO BE DIRECTOR OF CENTRAL INTELLIGENCE

3 - - -

4 Tuesday, January 13, 1981

5 - - -

6 United States Senate,
7 Select Committee on Intelligence
8 Washington, D. C.

9 The Committee met, pursuant to notice, at 10:00 a.m.,
10 in Room 318 Russell Senate Office Building, the Honorable
11 Barry Goldwater, Chairman of the Committee, presiding.

12 Present: Senators Chafee, Lugar, Wallop, Moynihan,
13 Huddleston, Biden, and Jackson.

14 Also Present: Senators Kasten and Hart.

15 Also Present: John Flake, Staff Director; Abram
16 Shulsky, Minority Staff Director--Committee and Senate Staff.

17 - - -

18 The Chairman. It being 10:00 o'clock, the meeting will
19 come to order.

20 And I would ask the photographers if they would hurry
21 up and take care of Mr. Eastman.

22 I am going to ask Senator Moynihan to introduce Mr.
23 Casey. Mr. Casey, as you know, is being heard this morning
24 for the approval of this committee to be the director of the
25 CIA.

1 Senator Moynihan, we welcome you as a member of the
2 committee and as a Senator from the home state of Mr.
3 Casey. So you may proceed. —

4 Senator Moynihan. I thank you, Mr. Chairman. It is a
5 very special personal experience both for me and for my
6 distinguished colleague, Mr. D'Amato, to introduce this
7 distinguished American to you.

8 I would say to you, Mr. Chairman, that were there more
9 men such as William Casey in this nation, the President
10 would have less difficulty, any President would have less
11 difficulty, filling his Cabinet or for any position that a
12 President might require be filled. It is the distinguished
13 quality of this man that he has, in one form or another,
14 served every American President since Franklin Roosevelt,
15 when he joined the United States Navy in the Second World
16 War.

17 His career is too well known to require any recitation
18 from me, save to make the somewhat -- is it a sad
19 observation, what the French call "fin de ligne" -- Bill
20 Casey will surely be the last member of the OSS to direct
21 the CIA, and a fitting conclusion to his own career, which
22 began as first an aide to William J. Donovan in Washington,
23 and then in the final and climactic days of the Second World
24 War to Colonel David K. Bruce. A career so begun could only
25 lead to the distinction that has accompanied it throughout.

1 But rather hear me on the subject, Mr. Chairman,
2 although I have a statement I would like to introduce into
3 the record, Mr. Leo Cherne, of the Research Institute of
4 America and of the International Rescue Committee and a long
5 associate of Mr. Casey's, has prepared an extensive
6 statement about his career, of which I would like to take
7 the opportunity to read two passages only, asking that the
8 full statement be put in the record.

9 The Chairman. Without objection.

10 (The complete statement follows.)

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 Senator Moynihan. And the first simply has to do --
2 the statement is organized in terms of Mr. Casey's federal
3 activities. And the first has to do with his position on
4 the advisory committee of the U.S. Arms Control and
5 Disarmament Agency.

6 Mr. Cherne writes, "As a member of the Arms Control and
7 Disarmament Advisory Committee to which he was appointed in
8 1969, William Casey made a vital contribution to what may be
9 the most important function of that Commission, the
10 preparation for the negotiations which led to the first SALT
11 Agreement between the U.S. and the U.S.S.R. He drew upon
12 his substantial intelligence experience to emphasize the
13 importance of verifiability in the control of strategic
14 weapons. There can be no doubt that this emphasis
15 significantly contributed to those aspects of the SALT I
16 Agreement which dealt with verification -- since direct
17 inspection was resisted by the Soviet Union. It seems clear
18 that the advisory contribution by Casey helped spur the
19 arrangement whereby both nations tacitly accepted the
20 unimpeded use of satellite observation to provide an
21 equivalent, though by no means as reliable, instrument to
22 assure compliance."

23 And finally, Mr. Chairman, just to mention that it was
24 at a time when Mr. Casey was a member of the President's
25 Foreign Intelligence Advisory Board that the decision was

1 made to go ahead, a very courageous decision by the
2 then-director of the CIA, the vice president-elect today,
3 Mr. Bush, to enter the mode of competitive analysis, the
4 "A-Team/B-Team exercise," of which this committee has
5 inquired and which Senator Wallop and I have had further
6 comments.

7 This idea of subjecting community analysis to internal
8 competition was very much a part of the work of William J.
9 Casey. I hope that he will tell us more if he plans to
10 continue it. But Mr. Cherne testifies to his having been in
11 at the beginning of this mode, which holds such promise to
12 the intelligence community.

13 Clearly, Mr. Chairman, We have a man of the greatest
14 distinction, and I am honored to have had the opportunity to
15 introduce him to this committee.

16 The Chairman. I thank you, Senator Moynihan.

17 And this letter from Leo Cherne will be made a
18 permanent part of the record.

19 (The complete statement follows.)

20 The Chairman. And Senator D'Amato, would you care to say
21 something?

22 Senator D'Amato. Mr. Chairman, it is a privilege for
23 me to join my distinguished colleague, the vice chairman of
24 this committee, in introducing Mr. William J. Casey of New
25 York, a friend of long standing. And as the record before

1 you shows, and from the remarks that have been made by
2 Senator Moynihan, Mr. Casey has served in a bewildering
3 number of important positions, both in and out of
4 government, and the experience he has gained from this long
5 and diverse career, involving many aspects of international
6 relations will, I am confident, serve him well when he
7 confronts the widespread and challenging responsibilities of
8 the directorship of the Central Intelligence Agency.

9 Throughout his career Bill Casey has had a remarkable
10 ability to understand quickly the most difficult and complex
11 problems. He has pursued each goal with tenacity and
12 skill. And a recent article of the Los Angeles Times said
13 about Bill Casey, "An able fellow who does not suffer fools
14 lightly. Always a man of great activity, he has left behind
15 him a wake composed of perhaps ten parts controversy and 90
16 parts admiration."

17 And so it is Bill Casey, a New Yorker's New Yorker. I
18 am confident that he will bring to the Central Intelligence
19 Agency the expertise and determination to make the agency
20 the finest of its kind in the world. And how so desperately
21 we need that kind of leadership. And the people of this
22 nation will be able to rest easier with their vital
23 interests in the hands of Bill Casey.

24 I am delighted, Mr. Chairman, to have the opportunity
25 to offer my wholehearted endorsement to this nomination and

1 appreciate the opportunity to speak in behalf of an
2 outstanding American, William Casey.

3 The Chairman. Thank you very much, Senator.

4 Before we hear from Mr. Casey, I will say that the
5 financial disclosure statement has been received, and the
6 Office of Government Ethics says that Mr. Casey is in
7 complete compliance.

8 We have the FBI report which has been received, and
9 it's been reviewed by myself and by Senator Moynihan.

10 A short statement of my own before we begin the
11 hearing, Mr. Casey, to give you a better idea of how I
12 approach intelligence. And I think any members of the
13 committee who might like to add their little sayso is
14 perfectly welcome, too.

15 The Senate Select Committee on Intelligence begins its
16 hearings today to consider the nomination of William J.
17 Casey to be director of the Central Intelligence.

18 We know accurate and timely intelligence constitutes
19 the nation's first line of defense. Consequently, the
20 responsibility of the director of central intelligence is
21 one of maximum importance. Intelligence issues for the
22 1980s begins with leadership.

23 One of the most pressing issues facing the intelligence
24 community is the need for strong, stable, and experienced
25 leadership. The intelligence community has been in turmoil

1 since the early 1970s as a result of frequent changes in
2 leadership, studies by Senate committees, a series of
3 investigations, and organizational restructuring.

4 The new DCI should be a broadly experienced
5 professional who is familiar with the intelligence
6 community's present strengths and weaknesses. There is a
7 critical need for stability and a clear understanding of
8 where the community needs to be in the future and how it's
9 going to get there. And although not perfect, the
10 organizational arrangements and management processes within
11 the community are adequate.

12 Some minor changes probably are in order, but wholesale
13 changes are neither warranted nor desired. Some areas that
14 should be examined include the following:

15 The National Security Council's role in management of
16 the intelligence community: The community includes highly
17 complex organizations such as the National Security Agency
18 and elements in the Department of Defense as well as the
19 CIA, the Defense Intelligence Agency, the
20 counterintelligence functions of the FBI, and intelligence
21 functions of State, Treasury, and other departments and
22 agencies.

23 What are the needs and resources of the community? The
24 DCI's role in the community resource management: Should the
25 DCI maintain his sole and exclusive authority over resource

1 decisions? Should such decisionmaking be elevated to the
2 National Security Council level? Should it be returned to
3 an executive committee process?

4 The intelligence community staff: Should it be
5 substantially reduced in size and scope?

6 I believe a long-range strategic planning process
7 should be established and enjoy a high priority within the
8 intelligence community. Over the past decade intelligence
9 capabilities have been allowed to erode. And because of
10 past successes, competing demands and resource constraints,
11 we have been mortgaging the future of today's needs, and the
12 future keeps getting pushed further away.

13 A number of areas need sustained attention and an
14 infusion of resources. We need to reestablish a robustness
15 in the intelligence system, particularly in technical
16 collection capabilities. We must maintain a robust and
17 flexible mix of capabilities to overcome the unexpected
18 losses in a timely fashion.

19 We must also begin to lay the groundwork for decreasing
20 our dependence on foreign territories for critical
21 intelligence missions. We need to expand and improve the
22 analytic capabilities within the intelligence community. In
23 almost every instance in recent years, so-called
24 "intelligence failures" have been the result of shortcomings
25 in analysis. We must expand and strengthen the analytic

1 corps and their support systems. We need to be able to
2 attract good people and establish a long-term management
3 commitment to improving analysis through career incentives,
4 training, investment in improving data bases, and ADP
5 support, and critical but constructive product evaluation.
6 Overall management of the production process also needs
7 continued improvement.

8 Human resource collection activities need to be
9 expanded and strengthened in key areas around the world. We
10 need much better coverage and reporting on long-term
11 political, societal, and economic trends in these areas. We
12 need to increase investment in new technologies that offer
13 possible breakthroughs or major advancements in intelligence
14 capability.

15 We cannot afford to continue to rely on past
16 successes. We must press the state of the art to stay ahead
17 of our adversaries. A number of new technologies are ripe
18 for advancement, but because of bureaucratic politics or the
19 lack of resources or money, they have not been pursued
20 vigorously.

21 The intelligence community should be given special
22 consideration when establishing governmentwide policies, not
23 that they should be necessarily exempted, but certain
24 policies can have serious impact on intelligence if not
25 clearly thought through and closely monitored.

1 Two that come quickly to mind are manpower and space.
2 The intelligence community has undergone a substantial
3 manpower retrenchment, and some kind of hiring restriction
4 continuously since the mid 1970s. During the same period,
5 the overall level of federal employment has grown
6 substantially. The retrenchment, plus the hiring
7 restrictions, has had serious impact on hiring as well as on
8 retaining good people and the community's ability to do its
9 job.

10 U.S. space policy has profound implications for
11 intelligence capabilities. Any new developments for space
12 launch and exploration should consider the impact it may
13 have on military and intelligence missions.

14 Among other issues awaiting actions are: the Freedom
15 of Information Act should be modified so that the FBI and
16 CIA are granted some relief from its provisions. And I wish
17 to emphasize that the public identification of CIA operators
18 in the United States or abroad must be made illegal, and we
19 must attach proper penalties to it. Legislation to
20 accomplish this will be a priority for the 97th Congress.

21 Also, we need strong language proficiencies at all
22 intelligence agencies overseas. The rash of trials of FBI
23 personnel, congressional investigations, mood of Congress,
24 and so forth has inhibited intelligence operatives around
25 the world from exploiting targets of opportunity. Such

1 operations have required the approval of scores of people.
2 This must be altered to regain the confidence of our allies
3 and our agents. A number of operatives are spending an
4 inordinate amount of time in developing defensive memos in
5 anticipation of investigations or criticisms of their
6 actions. This must be changed to emphasize initiative in
7 action.

8 And finally, there must be a close working relationship
9 between the committee and the director of the nation's
10 intelligence system if the important task of protecting the
11 life and liberty of the American people is to succeed. Such
12 trust between the legislative and executive branches
13 provides assurance to the American people that the
14 necessarily secret activities of national security are being
15 conducted in the interest of our democratic society.

16 Those are my comments, Mr. Casey, on the way I view
17 intelligence. And I might say that my interest in
18 intelligence, while not as thorough as yours, goes back to
19 the times when the OSS was an active organization.

20 If any of the members of the committee would care to
21 comment on what the chairman has said?

22 I am reminded that Senator Huddleston has an opening
23 statement. Would you like to make it a part of the record,
24 or would you like to state it?

25 Senator Huddleston. It's very short, Mr. Chairman.

1 The Chairman. All right, go ahead and read it.

2 Senator Huddleston. I might say, Mr. Chairman, that my
3 interest in intelligence goes back just about as far as
4 yours. I was very interested in the activities of the OSS,
5 too, having been a tank gunner in Europe in World War II,
6 and very concerned about what we knew about the other side.
7 And we're very pleased to learn of the activities of the
8 designee during that very critical period in time.

9 But more recently, I have been a member of the Select
10 Committee on Intelligence since it was formed, and prior to
11 that, the Investigative Committee on Intelligence from its
12 inception. And I have developed the very healthy respect
13 for our intelligence operations and, at the same time, I
14 think, reasonable concern about the manner in which it
15 operates. And I am thoroughly convinced that we need the
16 very strongest, most efficient intelligence operation that
17 we can possibly provide.

18 But since the Select Committee on Intelligence was
19 established, the relationship between this committee and the
20 Director of Central Intelligence has been excellent. In
21 order to do the tasks assigned to it by the Senate, the
22 committee has had full access to the product of the
23 intelligence agencies and has relied on the DCI to keep the
24 committee fully apprised of all significant intelligence
25 activities.

1 The next DCI will stand in a new position in his
2 relations with this committee and its counterpart in the
3 House. This past October the Intelligence Oversight Act of
4 1980 became law. Now what had been a working relationship
5 has been codified in statute. Under the Oversight Act the
6 intelligence community has responsibilities it must uphold
7 in dealing with the two intelligence communities, just as
8 the intelligence committees have responsibilities to the
9 community.

10 The law now requires the DCI and other heads of
11 intelligence agencies to keep the committees fully and
12 currently informed and to respond to their requests for
13 required information. The committees are to get prior
14 notice of significant activities. But in special cases,
15 notices can be given to only a small number of committee
16 members. The committees are responsible for the protection
17 of the information they are given and, by inference, for
18 making certain that the community gets the legislative and
19 budgetary support it requires to do its job.

20 The bill had bipartisan support on both sides of the
21 Hill. It was supported by the White House and all the
22 affected agencies. Last week, General Haig told the Foreign
23 Relations Committee, and I quote, "I am aware that the
24 Congress has established procedures for informing the Senate
25 Intelligence Committee of all intelligence activities,

1 including any significant anticipated intelligence
2 activity. The Reagan administration intends to follow those
3 procedures."

4 In sum, the Congress and the executive branch have
5 entered into a partnership to ensure that we have the best
6 possible intelligence apparatus. I look forward to working
7 with Mr. Casey, once his nomination is approved, to achieve
8 this aim. An effective intelligence service, however,
9 requires recognition of the inviolability of sensitive
10 intelligence sources and methods. If we cannot observe the
11 secrecy of intelligence material, we jeopardize the safety
12 of individuals, hundreds of millions of dollars in
13 investment, and the national security itself.

14 Policy issues are being fought by selective disclosures
15 to the media, and the leaks continue unabated even during
16 the time of transition. I believe that during the past
17 several months I have seen the intelligence activities and
18 security information politicized far beyond any time during
19 my observance. And I for one refuse to believe that so long
20 as such issues as the verification of the SALT Treaty or the
21 need for a new manned bomber are controversial, that these
22 irresponsible leaks must continue.

23 This committee has done its best to stem the flow, and
24 certainly most of those in the intelligence community and
25 the executive branch with access to classified material are

1 dedicated, patriotic citizens. They handle their
2 responsibility admirably and respect the conditions under
3 which they work. Yet, the leaks persist, and we have seen a
4 very determined effort by some to influence policy decisions
5 in this country or to reflect favorably or unfavorably upon
6 various individuals through selective leaks of security
7 information.

8 I hope that, during the course of these hearings, Mr.
9 Chairman, that we can hear from Mr. Casey a determination
10 that he will do whatever is in his power to stop these kind
11 of abuses.

12 Thank you, sir.

13 The Chairman. Thank you, Senator Huddleston.

14 I think Senator Chafee has a few words he would like to
15 say.

16 Senator Chafee. Yes, Mr. Chairman. First of all, I
17 would just like to say how fortunate I believe the nation is
18 that Mr. Casey has responded to the call of the
19 President-elect to serve in this very, very important
20 position. As has been pointed out, Mr. Casey has had an
21 extraordinary background. In looking at his biography in
22 the book that was given us, it just very modestly says, from
23 1942 to 1945 he was in the U.S. Navy Reserve chief of
24 intelligence operations, OSS, European theater.

25 Now, that says an awful lot when you're chief of the

1 intelligence operations for the OSS in the European Theater
2 at the age of 30. It shows the extraordinary ability that
3 Mr. Casey has. And he is a person who, in every job he has
4 undertaken, has excelled at it.

5 As we go into this new position, I look forward to the
6 close cooperation with this committee and with Mr. Casey,
7 and I certainly hope that he will give his active support to
8 a couple of pieces of legislation, which you mentioned, Mr.
9 Chairman, which I have been deeply interested in; namely,
10 legislation to protect the identities of our clandestine
11 intelligence officers from unauthorized disclosure.

12 Last year, that was reported from this committee by a
13 vote of 13-1. We did not have a vote on it in the fall.
14 But I am hopeful that again we can report it out from this
15 committee and have a vote on it successfully on the floor.
16 And we count on the active support of Mr. Casey in those
17 efforts.

18 Also, as you mentioned in your opening statement, Mr.
19 Chairman, I believe it's appropriate to consider and to pass
20 legislation dealing with some limitations on the Freedom of
21 Information Act as it applies to the clandestine service, to
22 the CIA. And, again, we look forward to the support of Mr.
23 Casey in these efforts.

24 So, Mr. Chairman, I think the future of this agency is
25 in excellent hands, and I believe that we will have a very

1 close and successful working relationship with Mr. Casey.

2 Thank you.

3 The Chairman. Are there any Senators on the Democrat
4 side who wish to say anything?

5 Senator Moynihan has a statement I think we will wait
6 for.

7 Senator Wallop?

8 Senator Wallop. Thank you, Mr. Chairman. Mine is very
9 short.

10 Mr. Casey, it is a pleasure and a privilege for me to
11 see you here, and I echo the words the words that Senator
12 Chafee and others have spoken of you.

13 You may recall when first we met I spoke at your
14 request at a meeting of your fellow veterans of the OSS, and
15 you may also recall at that time that I painted a rather
16 bleak picture of the current state of American
17 intelligence. At the time we were talking, that that was
18 the house that was built on the foundations which you helped
19 establish in this country in the OSS. You may recall also
20 that I urged the audience to begin to take an active
21 interest and role in intelligence affairs. And I am glad to
22 see at least one person in that audience heeded the
23 request. I am happy to see you here.

24 It is customary at moments like this to predict that
25 the nominee will enjoy great success. And if anybody can

1 bring great success, I predict that you will. But I do not
2 make any such prediction as to the likelihood of the
3 success. You bring enormous skills and great integrity to
4 this job.

5 And so, instead, I wish you luck and offer you support,
6 mine and I am certain that of the committee's, because I
7 think you will need as much as you can get of both, because
8 you are taking over an agency in the CIA which, in many
9 respects now, is unequal to its tasks and whose task is
10 growing in size and importance every year and too many of
11 whose top people seem more inclined to bureaucratic
12 infighting than to quality work.

13 And so I think, even with great insight and
14 determination and support, you're going off to try a very
15 difficult task against long odds.

16 One of my colleagues on this committee has called the
17 CIA a "danger to national security." And indeed, few things
18 have contributed so to the danger that this country now
19 finds itself as the CIA's faulty national estimates over the
20 last decade and decade and a half.

21 When the Soviets were beginning the greatest strategic
22 buildup of all time, the CIA said the Soviets were unlikely
23 to try to match us in numbers of missiles. When the Soviets
24 approached our numbers, the CIA said they were unlikely to
25 exceed it substantially. When they exceeded it

1 substantially, the CIA said that the Soviets would not try
2 for the capability to try to fight and win a war against
3 us. And now that the Soviets have nearly achieved such a
4 capability, the CIA's estimates tell us the Soviets cannot
5 be sure it will work.

6 I could go on and on with such examples. But my point
7 is simple: Something is deeply and dangerously wrong. Some
8 things the Congress did do to bring about this state of
9 affairs, and some things the Congress can do to relieve it.
10 But Congress did not cause the CIA to be so bad at analyzing
11 intelligence. And, by the same token, the Congress did not
12 cut the CIA's counterintelligence service to a shadow of its
13 former self. And Congress did not indeed bring clandestine
14 collection or covert action to its current sad state of
15 capability.

16 My point is, Mr. Casey, that you will be facing
17 powerful trends, long since in place within the intelligence
18 bureaucracy. And these trends have brought about a sort of
19 revolution on American intelligence. And unless, in my
20 opinion, they are reversed, that revolution will prevail.
21 And for the sake of the country, I hope it does not. And
22 for the sake of the country, I hope things will change in
23 American intelligence. And for the sake of the country, I
24 am very grateful that you are about to take over that
25 agency.

1 Thank you, Mr. Chairman.

2 The Chairman. Thank you, Senator.

3 As an aside, I just couldn't help commenting on Senator
4 Huddleston's remarks about leaks. And we are very proud on
5 this committee that we haven't had them from the committee.
6 But there are certain areas of the press that have leaked
7 rather profusely. But I have to say that President-elect
8 Reagan has discovered the proper way to handle that: He has
9 made the chief leaker a part of his administration. That's
10 one way to handle that.

11 Mr. Casey, I am going to put in the record at this
12 point a very brief outline of your background from the time
13 of your birth in New York City. And you may proceed on your
14 own now, if you care.

15 (The biography of Mr. Casey follows.)

16

17

18

19

20

21

22

23

24

25

1 STATEMENT OF WILLIAM J. CASEY

2 Mr. Casey. Thank you, Mr. Chairman.

3 Mr. Chairman and distinguished members of this
4 committee, it is an honor for me to be here today to meet
5 with you and to discuss my qualifications for the post for
6 which President-elect Reagan has nominated me.

7 I want to say at the outset that I believe it to be
8 vital that this nation have a strong and effective
9 intelligence organization with a wide range of capabilities
10 and with the flexibility to adapt and focus them on whatever
11 exterior threats or problems confront the President, the
12 National Security Council, Congress, the executive branch,
13 all of us.

14 I would like to assure the Senators who have spoken and
15 expressed their views about the serious problems that
16 confront the intelligence community in times of rebuilding,
17 performance, security, that I am determined to correct these
18 problems, improve performance. And I believe that, with the
19 support of this committee and the support of the
20 intelligence community, we shall be able to do that.

21 At the outset, I would also like to say that it may be
22 helpful to outline the experience which has formed my views
23 on intelligence.

24 In World War II I was a naval officer. I had
25 intelligence assignments, first in Washington as an aide to

1 General William J. Donovan, then a director of the Office of
2 Strategic Services, and subsequently in London as an aide to
3 Colonel David K. E. Bruce, the commanding officer of that
4 organization in the European Theater of War with General
5 Eisenhower commanding.

6 Our activities there consisted primarily of working
7 with British and French intelligence and supporting French
8 resistance forces to develop support for the Allied armies
9 as they invaded and liberated France. When it became clear
10 in the fall of 1944 that the war would not be won in France
11 but that there would be hard fighting in Germany, I became
12 engaged in shifting what had been a French-oriented
13 organization to one that could function effectively in
14 Germany.

15 When we were surprised by the Hitler counteroffensive
16 in the Ardennes, in what became known as the Battle of the
17 Bulge, I was appointed chief of secret intelligence for OSS
18 in the European Theater. In this capacity, I was charged
19 with sending observers to railroad and military centers in
20 Germany to report on the movement of German forces, on
21 targets suitable to air attack, and similar military
22 information.

23 I would like to say that from that experience it was
24 clear that intelligence and counterintelligence capabilities
25 that were brought to bear against the enemy were worth many

1 German divisions, that they saved many lives and much time
2 and much treasure, much blood.

3 It is also clear that America entered that conflict
4 without any significant intelligence capability, that it was
5 able to perform -- we were able to perform -- in the
6 intelligence and counterintelligence contributions to the
7 conduct of the war in Europe were based primarily on the
8 long tradition, experience, the personnel that it created,
9 and the British system, which was our tutors and out
10 mentors.

11 I say that because today it is clear that the American
12 intelligence system occupies that role. It is a repository
13 of many of the capabilities which do not exist elsewhere.
14 And that emphasizes in my mind the absolute imperative
15 nature of maintaining that capability as the best
16 intelligence system in the world, building on it, and
17 constantly improving it.

18 Now, for a few years immediately after World War II, I
19 worked with General Donovan, with General Quinn who is here
20 today, other colleagues in wartime intelligence in urging
21 that our nation needed a permanent central intelligence.
22 And in studying how such an organization should be organized
23 and function.

24 Since that time I have spent my private working life as
25 a practicing lawyer, as an author, editor, and

1 entrepreneur. All of these activities involving somewhat
2 the same kind of gathering, evaluation, and interpretation
3 of information which good intelligence work requires. I
4 maintain an interest in foreign policy and national
5 defense. As a founding director of the National Strategy
6 Information Center, I worked on the establishment of chairs
7 and professorships in national security in some 200 campuses
8 throughout the United States.

9 During 1969 President Nixon appointed me to the General
10 Committee on Arms Control, on which I served during the
11 preparation and negotiations for SALT I. This experience
12 impressed upon me the vital significance of good
13 intelligence in establishing adequate defense in negotiating
14 arms control arrangements and in verifying that those
15 arrangements are being observed.

16 I became a consumer of intelligence in another capacity
17 as undersecretary of state in 1973 and 1974. And as a
18 member of the Commission of the Organization of the
19 Government for the Conduct of Foreign Policy, known as the
20 Murphy Commission after its chairman, Robert Murphy, a
21 distinguished diplomat of long standing, I took a special
22 interest in the organization of the intelligence community
23 and improving the relevance and quality of analysis and
24 developing a more effective relationship between producers
25 and consumers of intelligence.

1 In 1976 President Ford appointed me a member of the
2 President's Foreign Intelligence Advisory Board. There my
3 special interests were a greater concentration in improving
4 economic intelligence and the experiment in competitive
5 analysis of Soviet strategic intentions, the potential
6 capabilities of Soviet air defense, and the accuracy of
7 Soviet missiles, all of which I believe demonstrated the
8 value of some form of competitive analysis.

9 Now, there is no need for me to describe to this
10 committee the varied and complex challenges that confront
11 our nation, the complexity of the political, military, and
12 economic forces with which we must deal, or the importance
13 of good intelligence to the formulation and execution of
14 effective policies.

15 And if I am confirmed for the position for which I have
16 been nominated, it will be my purpose to provide for our
17 policymakers in the Congress as well as the executive branch
18 timely and accurate information, analysis, and estimates on
19 which they can rely in establishing the defensive strength
20 we need in seeking arms limitations and developing and
21 maintaining satisfactory relations with other nations and in
22 competing in an increasingly interdependent and competitive
23 global economy.

24 Our foreign policies and defense strategies will never
25 be better for long than our intelligence capabilities. In

1 an era of increasing military vulnerability, effective
2 intelligence is of far greater importance than it may have
3 been some years ago when we had clear military superiority.
4 Anticipating potential problems and threats, understanding
5 the reasons behind events, and foreseeing all the potential
6 opportunities, both diplomatic and military, will be
7 critical to successful international relations over the next
8 decade. We are in a period, I believe, where investments in
9 intelligence capabilities will yield major returns.

10 Generally, there was a poor public perception and
11 understanding of the value of the American intelligence
12 community to the security of the free world. The CIA, in
13 particular, suffers institutional self-doubt. Many of its
14 most competent officers have retired or are about to
15 retire. The morale of much of the agency is said to be
16 low. Too often, the agency has been publicly discussed as
17 an institution which must be tightly restrained, stringently
18 monitored, or totally reorganized. Little has been done in
19 recent years to stress publicly the critical role which the
20 intelligence community has to play in the formulation and
21 execution of our nation's foreign policies and defense
22 strategies.

23 Too many have worked to reduce the feeling of
24 self-worth of intelligence officers. Too few have worked to
25 motivate the best minds in the country to see the

1 intelligence profession as one which is desperately needed
2 for our national security.

3 Now, while members of the community realize they cannot
4 receive public recognition for particular tasks well done,
5 they rightfully respect the support of the government which
6 they serve. All too often, their failures are widely
7 publicized, but their successes, by their very nature, are
8 generally hidden.

9 We need to make it clear that while we work to improve
10 the intelligence community, it has our full trust and
11 confidence, that the intelligence profession is one of the
12 most honorable professions to which Americans can aspire,
13 and that we have an appreciation for the dedication and
14 professionalism of its members. We should call our young
15 Americans to serve their country in intelligence work. We
16 should ask American scholars to serve their country by
17 sharing their scholarship and insights with those in the
18 community who are responsible for preparing the analyses
19 used to develop foreign policy and defense strategy.

20 In the months ahead, this nation will continue to
21 confront major international crises. This is not the time
22 for another bureaucratic shakeup of the CIA. Instead, it is
23 a time to make American intelligence work better to become
24 more effective and more competent, and to make the members
25 of this establishment respect it and honor it.

1 In almost every instance in recent years, so-called
2 "intelligence failures" have been the result of shortcomings
3 in intelligence analysis and sometimes in policy
4 conclusions. The necessary relevant information, the facts,
5 were generally available. But frequently, either good
6 analysis or sound conclusions did not follow.

7 To be truly beneficial to consumers, the data collected
8 must be subjected to critical and insightful analysis,
9 conducted by trained, competent professionals with a rich
10 background in the subjects required. The issues with which
11 we have to deal require the best analytical capabilities
12 applied to unclassified as well as classified sources.

13 The attractiveness of intelligence analysis as a
14 profession, part-time as well as full-time, needs to be
15 increased. We need to tap the insights of the nation's
16 scholars in the effort to upgrade the quality of
17 intelligence analysis.

18 We must search for new and better ways to get
19 continuing input from the outside world in order to gather
20 information available inside and outside of government and
21 to get the best analysis of the full range of views and data
22 available. A revival of the President's Foreign
23 Intelligence Advisory Board can contribute substantially to
24 this.

25 And there are many other possibilities. When I was

1 chairman of the SEC, I created a large number of task forces
2 made up of members of the SEC staff and people experienced
3 in various phases of the investment industry, assigned to
4 report on regulatory needs for new forms of investment and
5 trading.

6 By minimizing paper and regulatory burdens, on making
7 investment analysis more widely available to public
8 investors, and similar subjects, we were able to gather
9 insight and perspective which was just not available in
10 Washington. And I believe that the same opportunities exist
11 in the academic community and in the business community to
12 make American governmental intelligence function more
13 effectively and come to more reliable and realistic
14 conclusions.

15 It's not enough, however, to have good information and
16 accurate assessments. The findings and the views of the
17 intelligence community must be forecfully and objectively
18 presented to the President and the National Security
19 Council. I assure you that I will present these views
20 without subjective bias and in a manner which reflects
21 strongly held differences within the intelligence
22 community. It will be my purpose to develop estimates which
23 reflect a range of likely developments for which
24 policymakers must prepare in a manner which emphasizes hard
25 reality undistorted by preconceptions or by wishful

1 thinking.

2 As we look back at the recent past, we should remember
3 how early intelligence reports on Soviet missiles in Cuba in
4 1962, on Soviet divisions preparing to enter Czechoslovakia
5 in 1968, on Arab preparations to attack Israel in '73, were
6 obscured by judgments that it would not be sensible for
7 these weapons and divisions to have other than defensive or
8 training purposes.

9 Alternative possibilities and their implications must
10 be fully set forth in our assessments so they can be
11 reflected in our preparation and in our policies. To carry
12 out this assignment, the intelligence community needs both
13 public support and the full participation and cooperation of
14 the Congress.

15 I am pleased that after a period of turmoil, the
16 executive and legislative branches have now
17 institutionalized their arrangements in the Intelligence
18 Authorization Act of 1981, as Senator Huddleston has
19 described. And I pledge to conduct the relations of the
20 intelligence community with the Congress in a consultative
21 mode. I pledge care and diligence to protect the legal
22 rights of American citizens.

23 I pledge to work closely with Congress on this as well
24 as in monitoring and improving the performance of the
25 community, particularly for the intelligence committee study

1 of U.S. intelligence products, procedures, and budgets,
2 Congress will provide a valued independent source of review
3 to ensure we are achieving all that is humanly possible and
4 that Congress will be in a position to provide any necessary
5 legislation or other action to improve our performance.

6 I will cooperate fully in facilitating the oversight
7 through which Congress can ensure that the community
8 operates within the limits of the law. This will provide
9 the American people with additional assurance that U.S.
10 intelligence will fully respect their civil liberties and
11 further strengthen public confidence in the performance of
12 the intelligence community.

13 We -- the Congress, and the agency, the community --
14 have a common purpose in assuring ourselves of a
15 comprehensive intelligence system of unqualified
16 preeminence, operating efficiently and within the
17 requirements of our laws.

18 I expect to conclude, as I review the organization, the
19 structure, and the performance of the community, that there
20 are some steps which should be taken to improve our
21 intelligence performance. If confirmed, I will promptly and
22 in consultation with the members of the intelligence
23 community and the Congress review without preconception the
24 system, our intelligence system as it has developed, as it
25 now exists, and determine how I believe it is working and

1 how that performance can be improved.

2 Many Senators and Congressmen have put forward a number
3 of suggestions to protect the identities of U.S.
4 intelligence officers and provide relief from some aspects
5 of the Freedom of Information Act. I, too, share the
6 concerns that led to these actions, and I hope that the
7 Congress will complete the important work initiated in the
8 last session.

9 I will examine how we are utilizing the resource that
10 we have to produce intelligence: Are we attracting enough
11 of the best people and providing them with the best possible
12 training; and are we providing adequate incentives so that
13 we can keep the most competent of those we have?

14 I know you and your counterpart committee in the House
15 and academic experts outside of Congress have been studying
16 these matters. As I complete and as I carry on and complete
17 my evaluation, I would plan to review my findings with you
18 as soon as possible to determine how we can build on our
19 strengths and to reduce areas of weakness.

20 That, Mr. Chairman, is my statement. I welcome any
21 questions that you and other members of the committee may
22 have.

23

24

25

1 The Chairman. Before we start questioning you, it is
2 necessary for me to swear you in. Would you rise, please,
3 and hold up your right hand?

4 Do you swear that the answers you will give to the
5 questions asked will be the truth, the whole truth, and
6 nothing but the truth, so help you, God?

7 Mr. Casey. I do.

8 The Chairman. Thank you very much.

9 Senator Biden. Mr. Chairman, before we begin
10 questioning, I apologize for being late. I was questioning
11 General Haig.

12 May I ask unanimous consent that the opening statement
13 I had be inserted in the record as if read, and explain to
14 the Chairman that I will be in and out because we're still
15 questioning General Haig. But thank you for the indulgence.

16 The Chairman. I'll see you there this afternoon.

17 Senator Biden. You're going to testify. I'll
18 certainly be there, Mr. Chairman, when you testify and
19 promise to ask no hard questions.

20 (The information referred to follows:)

21

22

23

24

25

1 The Chairman. I think before we start questioning I
2 would like to ask Senator Moynihan either to read an entire
3 paper he has or any parts of it he cares to, and the entire
4 paper will be made a part of the record at this time.

5 (The information referred to follows:)

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 Senator Moynihan. Thank you, Mr. Chairman. If I can
2 just preface that exercise by saying to Mr. Casey that Mr.
3 Casey, I think that was a superb opening statement and that
4 your pledge of care and diligence in protecting the legal
5 rights of American citizens is what we hoped to hear from
6 you; your pledge to cooperate fully in facilitating the
7 oversight through which Congress can assure that the
8 intelligence community operates within the limits of the law
9 is what we wished to hear from you; and your statement that
10 you are concerned with the quality of the performance is
11 what we hope you will do.

12 I would like to extend, if I can, just a moment the
13 statement of Senator Huddleston about the concern on this
14 Committee, which has to my knowledge not previously been
15 made public in that way, was the degree to which genuine
16 security information was leaked out of the Executive Branch
17 -- our own experience is of the last Administration, so it
18 doesn't mean it's unique to that one; it's the only one we
19 know -- as part of a policy competition that seemed to us
20 very destructive.

21 To try to raise a level of recognition, last May 15, as
22 you would agree, sir, the most important product -- or would
23 you agree -- the most important product of the intelligence
24 community are the annual estimates which are presented to
25 the President, and you spoke about them, the national

1 intelligence estimates, the NIE, and I see you do agree.
2 They are the most sensitive materials the community
3 produces, the most important.

4 Last May 15 I put the intelligence estimates into the
5 Congressional Record, not in their original form, and I have
6 never seen them in their original form, but as they had been
7 presented to various newspapers by the White House. And one
8 newspaper had a slightly different version than another, and
9 finally Mr. Birch felt he had to straighten it all out and
10 say this is what the national intelligence estimate had.
11 Mr. Birch is now a member of the Administration, and that's
12 how he did it.

13 That troubled us a great deal. It did trouble us. I
14 hope it troubles you. And I just ended my statement by
15 saying on the floor Congress is attending to its purposes in
16 seeking oversight of a responsible and effective
17 intelligence community. So long as that effectiveness is
18 undone by the very officials who are to be served by the
19 community, that effort of the Congress cannot succeed.

20 And I would hope you would let it be known that this
21 Committee thinks a lot of people were less than responsible
22 in their behavior, and that no matter how well you do your
23 work, if you're to be undone by the people you do it for,
24 it's a futile exercise.

25 But that is beside the purpose, and the Chairman has

1 been kind enough to let me ask this question. As you know,
2 Mr. Casey, we adopted last year in the Intelligence
3 Authorization Act of the fiscal year 1981, we codified the
4 oversight responsibilities of this Committee and the
5 reporting responsibilities of the intelligence community.

6 You remarked that our system begins as modeled on the
7 British intelligence operation, Second World War, the only
8 one that we had access to and when we had none, but how very
9 differently we have evolved.

10 The Intelligence Oversight Act is unique in the world.
11 There is no nation in the world where there is such a
12 relationship between the intelligence community and the
13 legislature. In Great Britain there would not be three
14 members or four members of the Parliament who would even
15 know your name, and you would certainly not be appearing
16 before television cameras.

17 But, now, we have dealt with this in a different way,
18 enacting as law the responsibility of the Executive Branch,
19 the responsibility that falls on you, to keep this Select
20 Committee fully and currently informed of all intelligence
21 activities which are the responsibility of, or engaged in
22 by, or carried out for or on behalf of any department,
23 agency, or entity of the United States, including any
24 significant anticipated intelligence activity.

25 We allow that latter category to be restricted to the

1 ranking members, the Chairman and Vice Chairman of this
2 Committee, and the Majority and Minority leader, but that's
3 a very explicit requirement.

4 Now, there is, however, a gray area. In the preamble
5 we say that this must be done consistent with the
6 President's duties under the Constitution and consistent
7 with his responsibility with due regard for the protection
8 of unauthorized disclosure of classified information and
9 information relating to intelligence sources and methods.

10 So since we say it must be done consistent with, we
11 concede the point that there may be occasions when it's
12 inconsistent. But when such judgments should arise, we have
13 another section of the law which says when information is
14 withheld under that preambular provision, there must come a
15 time in timely fashion when the President does inform us of
16 what took place, and therefore there is no exception to our
17 being informed.

18 Now, I'd like to ask your judgment, sir, about your
19 intention, your pledge which you gave us to comply with this
20 law, but ask you about your pledge in the context of that
21 measure of ambiguity -- we couldn't get it out -- as between
22 the President's constitutional responsibilities and our
23 right to enact laws. Because as you know, there have been
24 occasions in a long and distinguished career in which it has
25 been charged that you have not been forthcoming to the

1 Congress with materials requested of the Congress, and have
2 been in one way or other asserting either -- well, I don't
3 think it's Executive Branch privilege so much as the
4 privilege of an independent agency. And these took place
5 when you were Chairman of the Security and Exchange
6 Commission.

7 Now, as you expect us to have done, we looked into this
8 matter prior to this hearing, and I took the liberty of
9 writing to -- of getting in touch with Mr. Stanley Sporkin,
10 who is the Director of Enforcement of the SEC, who has been
11 there a very long while and is, I think, a distinguished
12 public servant by anyone's standards, to do what cannot have
13 been the easiest thing for him to be asked, to judge your
14 performance as Chairman of the Commission with respect to
15 two specific matters, that of withholding from a House
16 Committee materials concerning the ITT Company, Corporation
17 rather, and passing those materials instead to the
18 Department of Justice. And then with respect to the
19 investigation of Mr. Vesco and the fraudulent activities in
20 which he was involved for Investors Overseas Services, IOS,
21 if I recall.

22 Now, Mr. Chairman, I have a letter here from Mr.
23 Sporkin which I'd ask it be included in the record. It's a
24 very extensive one. It is five pages, single typed. But I
25 want it to be stated that with respect to the enforcement

1 actions involving the International Telephone and Telegraph
2 Corporation and Mr. Robert Vesco, it states in the most
3 emphatic terms that your behavior was, in the judgment of
4 Mr. Sporkin, above reproach. More than that, it was more
5 than legal behavior, it was more than responsible behavior;
6 it was, in his judgment, exemplary behavior.

7 And I would like to read two paragraphs at the end in
8 which he says, "I relate these events to illustrate" -- may
9 I just first say that this letter is available at the press
10 table for anyone who wishes it.

11 "I relate these events to illustrate two significant
12 aspects of Mr. Casey's involvement in this important
13 matter." This is the Vesco case. "First, it demonstrates
14 perceptive and thoughtful analysis by Mr. Casey, who having
15 been with the Commission less than two years at the time,
16 was able to make such an imagine and wise decision.
17 Second, the extreme interest and aggressive determination of
18 Mr. Casey enabled the Commission to bring the case to a
19 successful and speedy conclusion.

20 "The actions of Mr. Casey that I have described were
21 unprecedented by any other Commission Chairman. Further,
22 his entire conduct is simply inconsistent with any
23 suggestion that Mr. Casey intended in any way to befriend or
24 assist Robert Vesco.

25 "One further point. As I reflect upon the Casey years

1 at the Commission I can truly say they were some of the
2 finest moments I have experienced during my 19 years on the
3 Commission's staff. Mr. Casey was an able Chairman and a
4 fine person. I am grateful for the opportunity to have
5 served him during his term as Chairman of the Commission.
6 If I can be of any further assistance, please do not
7 hesitate to call me."

8 Now, this, of course, is the most -- I'm sure it's most
9 welcome for you to hear that. This Committee will welcome
10 it's being stated. But it doesn't entirely deal with the
11 point we are concerned with. It addresses much of that
12 point. We are prepared to learn that you were an exemplary
13 Chairman, and you were, and energetic and innovative; but
14 how do you feel about telling this Committee things we need
15 to know and you would just as soon not more than two people
16 in the world know?

17 Mr. Casey. Well, Senator, I intend to comply fully
18 with the spirit and the letter of the Intelligence Oversight
19 Act. I intend to provide this Committee with the
20 information it believes it needs for oversight purposes. I
21 believe the detailed implementation of that general
22 intention is something we will work out as we go along.

23 I would intend to follow the practices that have been
24 worked out with the President, the incumbent of this office
25 or the office for which I've been nominated. And there are

1 some reservations of constitutional authority that relate to
2 the President's constitutional authority.

3 I cannot conceive now of any circumstances under which
4 they would result in my not being able to provide this
5 Committee with the information it requires. I would
6 obviously have to be subject to and discuss with the
7 President any particular situations which I cannot now
8 foresee, and I would do that in a way that this Committee
9 would know about.

10 Senator Moynihan. Well, I thank you, sir. I heard you
11 say that you could not conceive any circumstances in which
12 you could not share information with this Committee.

13 Mr. Casey. I said I cannot now conceive.

14 Senator Moynihan. You said not now conceive, and not
15 for nothing did you go to the Fordham Law School. They
16 taught you prudence. But you have been in this community
17 for 40 years, so when you say that you cannot now conceive,
18 you are speaking of experience; and I take that to be a
19 straightforward answer, and I thank you for it. And I thank
20 you, Mr. Chairman.

21 The Chairman. Do you have any questions, Senator?

22 Senator Huddleston. Of the designee? Yes.

23 The Chairman. Go right ahead. Ten minutes.

24 Senator Huddleston. All right, sir.

25 Mr. Casey, one of the buzz phrases that has appeared in

1 recent months has been it's time to unleash the CIA. I
2 don't know whether you've used that phrase or not. I just
3 wonder what is your perception of that idea, and to what
4 extent or what is meant by unleashing the CIA?

5 Mr. Casey. Well, Senator, I have not used that
6 phrase. I like to think in terms of increasing the ability
7 of the organization to initiate and carry out its obligation
8 to perform the thing that it's required to do.

9 I suppose the term "unleash" is used to apply to
10 suggest that there are ways to ease restrictions, to make
11 them perhaps less cumbersome without infringing in any way
12 on the rights that belong to American citizens. I think
13 that I will want to review the Executive Order. I will want
14 to discuss the existing Executive Order. I will want to
15 discuss the way it has operated and the degree to which the
16 restrictions and the mode in which they have been applied
17 may impair the effectiveness of the organization in carrying
18 out the obligations that are placed upon it, to see whether
19 there is some way to minimize the restrictions which may
20 impair performance.

21 I will certainly discuss any ideas that I have in that
22 respect that I develop out of those consultations with the
23 members of this Committee, and they will not clearly be
24 implemented without the concurrence of the President and the
25 input that this Committee can provide.

1 Senator Huddleston. At any rate, you don't perceive at
2 this time that there is a need to eliminate restraint to the
3 extent that CIA operatives around the world are free to
4 freelance and initiate actions on their own without proper
5 authority and without being certain that they are within the
6 scope of the objectives and laws relating to the CIA.

7 Mr. Casey. Certainly not.

8 Senator Huddleston. You referred to the Executive
9 Order. Do you anticipate that there will be a new Executive
10 Order?

11 Mr. Casey. Well, there's been discussion of a new
12 Executive Order. I haven't made up my mind. I've heard a
13 lot of pros and cons, and I really haven't had an
14 opportunity to study and consider it, and I really can't
15 fully study and consider it without getting the advice of
16 those individuals in the intelligence community who have
17 operated under the existing Executive Order.

18 Senator Huddleston. And you have indicated that if
19 such an undertaking is made to develop a new Executive
20 Order, you would consult --

21 Mr. Casey. It would be in consultation with this
22 Committee and its counterpart in the House.

23 Senator Huddleston. Now, several of us have expressed
24 concern about the matter of leaking and what seems to me to
25 be a new development of leaking for specific purposes of

1 influencing policy. And I agree entirely with Senator
2 Moynihan that this has occurred on both sides of the
3 political spectrum to a large degree, I think, in recent
4 months.

5 Do you have any specific plans to deal with that
6 problem, both within the Administration and without the
7 Administration?

8 Mr. Casey. I don't have any specific plans. I intend
9 to strongly exercise the obligation of the Director of the
10 CIA to establish and enforce security standards. And I
11 share the general view that's been expressed on the other
12 side of the table here that leaks are intolerable, the kind
13 of purposeful leaks that have occurred cannot be tolerated,
14 and that you cannot maintain an effective and successful
15 intelligence service if the people who are providing
16 information feel it is not secure.

17 Certainly we must re-establish in the minds of the
18 intelligence service of other nations who are important to
19 us, who provide substantial input, that it is essential to
20 the judgments that need to be made that we're running a
21 secure and leakproof outfit.

22 Senator Huddleston. What role have you played, Mr.
23 Casey, in the transition team?

24 Mr. Casey. Well, I've been chairman of the executive
25 committee of the transition. I have not had any operational

1 control or direction. I spent most of my time catching up
2 with my law practice and assessing the financial damage that
3 I sustained during the campaign, and chairing an interim
4 foreign policy advisory committee which reviewed the whole
5 scope of our foreign and national security concerns.

6 Senator Huddleston. Were you responsible for or have
7 any part in the employment of Mr. David Sullivan in the
8 transition team?

9 Mr. Casey. No.

10 Senator Huddleston. And do you have any plans for
11 utilizing Mr. Sullivan in the intelligence makeup?

12 Mr. Casey. I don't have any plans because I don't know
13 him.

14 Senator Huddleston. Well, he is an individual who was
15 with the CIA and is no longer with the CIA because of
16 disclosing classified information. I thought it was curious
17 that he would wind up on the transition team.

18 Mr. Casey. Well, the transition team was kind of an
19 amoeba-like creature. They were established primarily under
20 the direction of Mr. Timmons, and they were able to go out
21 and add their own advisers to a degree, so that a lot of
22 people popped up that we didn't know.

23 Senator Huddleston. Mr. Casey, there are some who
24 believe that certain professions must appear to be
25 independent of government control in order to perform their

1 functions, in some cases functions protected by the First
2 Amendment.

3 The current guidelines require that the CIA not use
4 journalists, or clerics, or academics as agents, with
5 certain exceptions. Do you think these kinds of guidelines
6 are advisable?

7 Mr. Casey. I have to say that I start out in thinking
8 about that problem with the feeling that no American should
9 be deprived of the opportunity to serve his country in any
10 way he can by virtue of his occupation or profession. At
11 the same time, I recognize the sensitivity with respect to
12 certain professions, and I intend to adhere to the
13 regulations and procedures that now apply to the
14 relationships with members of those professions while I
15 study and find out how those regulations work. And again,
16 if I come to the conclusion that they can be liberalized or
17 modified in a way which will improve the performance of the
18 intelligence community, I will consult with this Committee
19 before considering a change.

20 Senator Huddleston. Mr. Casey, the Heritage Foundation
21 and the report of the Republican National Committee last
22 summer suggested that the CIA be broken up into several
23 smaller units, including a quite small independent,
24 clandestine service.

25 What are your views on that proposal?

1 Mr. Casey. Well, I had a prior occasion to study those
2 recommendations. When I served on the Murphy Commission, a
3 presidential, congressionally-appointed commission to study
4 the organization of the government for the conduct of
5 foreign policy, we went through the whole range of ideas
6 with respect to breaking up or reorganizing or
7 reconstituting the intelligence community.

8 We came to the conclusion, which I shared, that
9 fragmenting the organizations then existing would be
10 counterproductive, would not be a wise thing to do. Now, I
11 realize that a lot of time, a lot of water has passed under
12 the bridge, and I would like to take the stance, my state of
13 mind today is that I will go in and approach those
14 possibilities without any preconception, review them again.

15 I would also say, to complete my perspective on that
16 problem, that I think it's important that we focus and
17 concentrate on getting the community to perform and be quite
18 cautious about reorganizations which might disrupt the
19 opportunity to improve and make its performance more
20 satisfactory. That's going to be my primary focus.

21 Senator Huddleston. Do you believe that the DCI should
22 retain the control that has been given it through the
23 Executive Order over the resources and tasking of the entire
24 intelligence community?

25 Mr. Casey. I think if he's required to give leadership

1 to the entire community, which I think is necessary that it
2 be made to work as a cohesive whole, that those authorities
3 are in general essential. However, I am not wedded to the
4 way they are being exercised. I think it may be possible to
5 exercise those authorities in a more general way and to
6 focus the DCI's attention and effort on making the wheels
7 and cogs mesh rather than attempting a degree of detailed
8 management, day to day management, which may or may not be
9 possible at all.

10 Senator Huddleston. Thank you, sir.

11 Mr. Casey. My general style in this has been to set
12 objectives and give people authority to go after those
13 objectives, hold them to their performance, and not get into
14 detailed management. If they don't perform, then you get
15 somebody else.

16 Senator Huddleston. Thank you. My time is up.

17 Senator Lugar. Mr. Chairman, Mr. Casey. In another
18 forum Senator Biden and I have been visiting with General
19 Haig and thinking through the foreign policy problems that
20 he faces and that we all face, and certainly your statement
21 is of, I think, profound significance that the success of
22 the security of our country in fact accounted to foreign
23 policy is so critically dependent upon intelligence, upon
24 the information that comes to policymakers. And it's
25 important that they be right, but they have a very difficult

1 time being right without having some basis upon which to
2 make those judgments.

3 The critical question that I want to ask of you is that
4 granted that premise, and it may or may not be understood by
5 the public, I think the point of your statement is it really
6 does need to be understood, so that as you point out,
7 intelligence will be thought of as an extremely important
8 profession to which young people might be willing to devote
9 their lives, to which the very best in American scholars
10 would be willing to devote their time and effort.

11 Demonstrably it does not appear that that has been the
12 case in recent years, and this is maybe one reason you have
13 highlighted this. In short, some of us who have taken a
14 look at analysis in the intelligence area, while giving full
15 credit to people who are doing their best, have come to the
16 conclusion that that is not the best our nation can
17 produce. Analysis is not the thing that can be churned out
18 as if we were doing an inanimate object production. It is
19 the product of the very best of human minds.

20 And the question is how are these persons going to be
21 attracted to the intelligence community? This is an
22 anonymous service. The very best of the analysis may never
23 be known except by historians years later. And when we
24 consider even in this town the number of people doing
25 political analysis and the wide variety of opinions they

1 come to with regard to American politics which is close at
2 hand, makes the problem of getting people to do something on
3 Iran or Afghanistan or the Soviet Union or what have you
4 even more critical.

5 Have you given some thought to how, through your
6 leadership or through other people you might appoint to help
7 you in this respect, there can be a massive turnaround in
8 the opinion of the intelligence community by people and
9 American scholars who are the very best, and who might be
10 willing to do something for their country, or American young
11 people, American middle-aged people, for that matter,
12 American old people, who are really the very best, who will
13 want to volunteer? We're not having a great, high success
14 in a conventional military situation.

15 On what basis do you believe you can attract people who
16 are really topflight to this most critical of professions?

17

18

19

20

21

22

23

24

25

1 Mr. Casey. I think the analytical profession, as
2 opposed to analyst, in the intelligence community has to be
3 made more attractive. I think that one of the things that
4 happens is in the promotion path, that in order to reach the
5 higher grades people have to establish themselves and get
6 experience as analysts frequently drift off into management,
7 where that's the career path.

8 I think we have to establish a career path and make it
9 attractive psychologically, socially, and every other way,
10 for a person to become, seek to become, the most
11 knowledgeable person on the political currents and the
12 composition of Iran, as you mentioned, that you have and can
13 find anywhere.

14 Now, we're not always going to succeed in that. And
15 that will take time. At the present time, I believe and I
16 know that there are scholars in the academic community,
17 there are researchers and analysts in the business
18 community, there are people who have been abroad in
19 marketing and dealing with other countries, and there are
20 people who live in other countries who are here, who know
21 the country not only its habits and mode of thought, not
22 only in their intellectual way but in their gut, in their
23 instinct, they have a feel for it. And we have to find a
24 way to tap that kind of knowledge and that kind of
25 experience.

1 Now, what the modus operandi is: How we do it in an
2 effective way and an acceptable way? I am not able to spell
3 out now. But I am certain in my mind that we have to get
4 the input of people who have experience and have acquired
5 knowledge over a lifetime, or a lifetime's worth of
6 knowledge, in the psychology and the political composition
7 and the other things that result in the kind of conduct and
8 the kind of thinking that prevails in public policy in those
9 countries.

10 I think that there are scholars, Middle Eastern
11 scholars who have been brought in by people who wanted to
12 get a better understanding of the turmoil, the political
13 changes in Iran, who really had a great deal more insight
14 than some of the people we've been able to bring into the
15 intelligence community who have had to undertake these
16 responsibilities in some cases without the language ability
17 and without even having been in the countries.

18 Now, we're going to have to make compromises as we go
19 along, but we have to be very vigorous, very alert in
20 supplementing and really bringing back people who have
21 greater experience, to serve as a base for training and
22 developing new analysts in the community. I think we have
23 to reach in every way we can to overcome those deficits.

24 Senator Lugar. I know it is unfair to ask for a
25 fullblown plan today of how this is to be done. The purpose

1 of my asking the question is to highlight in this hearing
2 what I see to be a critical problem in your effectiveness,
3 because I think you will have to determine, and you have in
4 your other capacities in life, what kind of style of
5 leadership you personally will offer as well as what you
6 will ask of various of your subordinates, if you will not be
7 up front in these situations.

8 In other words, it seems to me, even after we have the
9 objective of trying to get the very best of scholars, to
10 attract young people, to turn around American public
11 opinion, that calls for enormous advocacy, really, a sense
12 of drama that clearly has not been present. And you may
13 wish to do that or maybe others will help, maybe, in this
14 committee.

15 But somehow, it seems to me that we've been wrestling,
16 for example, in the committee with the problem of how we
17 would verify the SALT II Treaty, if we had gone that route,
18 or how we should verify SALT III. It may be absolutely
19 critical in terms of the life and death of people in this
20 country that those skills be focused and, furthermore, that
21 we use our very best imagination anywhere -- and there are
22 225 million of us -- to figure out what to do. And it would
23 be an alarming problem if we don't get the people and,
24 secondly, the American public doesn't appreciate why it was
25 necessary to devote that time and effort to it.

1 Or, in the case of Iran, when we think of all of the
2 turmoil and the trauma of our country over that, it is too
3 late then to wonder why there weren't people who understood
4 the language, the Moslem culture, all the rest of it,
5 although at this particular juncture, certainly, you could
6 point out how critical that might have been in terms of
7 decisions we would have made or deployments we might have
8 done to have saved the grief that has afflicted our
9 country.

10 I know these are points well known to you, but I did
11 want to take the opportunity of this confirmation hearing
12 simply to make them again, because I think they are the
13 essence in the success of our intelligence picture.

14 Mr. Casey. I think it's interesting, going back over
15 sort of a recent history, you find that the big leaps in
16 improving our collection capability came from the thinking
17 that someone like Jim Land, the president of Polaroid,
18 brought to the PFIAB, and Bill Baker, the leading scientist
19 at Western Electric brought to the whole business of
20 electronics and communications intelligence.

21 So you've got to reach out. You've got to reach out.
22 I think I did that very successfully with the SEC, as I said
23 in my opening statement, in bringing in a lot of people from
24 the industry who just had insights and a feel for the way
25 things actually work that you just don't get if you spend

1 your life trying to regulate in a distant way. You've got
2 to be involved to know how things work and how the problems
3 are and how they could be made to work better.

4 And I think there are huge areas in scientific and
5 technical requirements as well as in the political and
6 economic activities of the intelligence community in which
7 we have to be more vigorous and aggressive in reaching out
8 to the private sector.

9 Senator Lugar. Thank you very much.

10 The Chairman. Senator Wallop.

11 Senator Wallop. Yes, Mr. Chairman. I just thought we
12 would go down to Senator Biden for a question.

13 The Chairman. Well, we have two on this side and two
14 on that side.

15 Senator Wallop. Fair enough.

16 The Chairman. Let him sit down there. He's better off
17 here than at the other hearing.

18 Senator Biden. I will leave now, Mr. Chairman, if you
19 like.

20 Senator Wallop. Mr. Casey, pursuing a little bit the
21 line of questioning that Senator Lugar was just one, I think
22 it's fair to say that the American public does not have an
23 adequate recognition of the nation's need for a viable and
24 strong intelligence community. They recognize it when
25 things go wrong, a rescue mission in Iran that failed,

1 perception of intentions in Afghanistan, or something else.
2 But overall and from day to day, we are constantly under the
3 stress of people who would have us believe that this country
4 can operate without such a mechanism, that to go back to the
5 old English problem that gentlemen don't read other
6 gentlemen's mail, that somehow or another it is an anathema
7 in a free society.

8 And now you have corporations in this country and other
9 institutional groups within this country who are asking in
10 charter legislation to be removed from even consideration
11 for participation in America's need for an adequate
12 intelligence structure.

13 How do you view that? Is there something we can do or
14 something you would hope to do in your brain as DCIA?

15 Mr. Casey. Well, you know, I think that there was a
16 time when the American public did have high respect and did
17 recognize the value of our intelligence service. I think it
18 still does down deep. I think what has happened is that the
19 surface perception has been modified by the charges that the
20 CIA and other organizations have become rogue elephants and
21 that you had to focus on reining it in and monitoring and
22 regulating and controlling it.

23 I think that that perception -- I hope that perception
24 has changed. I think that a good job has been done in that
25 regard. Maybe it went a little further than it needed to,

1 but we can continue to evaluate that. I think we have to
2 restore the perception that the American intelligence
3 community has really the largest and, I think, one of the
4 finest scholarly communities in the world. There are more
5 people with advanced degrees there than there are, I
6 believe, in any university or any other institution
7 worldwide.

8 And I think we can do a lot to enhance that perception
9 and take the focus off the alleged misdeeds that go well
10 back into the past, and maintain the perception that I think
11 now exists that there is a better degree of congressional
12 oversight, that there is cooperation between the Congress
13 representing the people and the intelligence community
14 discharging its obligation and performing its task.

15 And I think that as we improve and get the kind of
16 support that is needed from the rest of the community -- the
17 business community, the academic community -- to overcome
18 some of the deficiencies that Senator Lugar has highlighted,
19 I think there will be a restoration of mutual trust and
20 confidence between the intelligence community and the rest
21 of the American business and academic community. I think
22 all that will help.

23 Senator Wallop. That's really true, I guess. I mean,
24 any such organization within a free society will have a
25 difficult time, because, obviously, your successes remain

1 relatively unknown and your failures are literally the only
2 thing that ever reaches public attention.

3 Somehow or another, it seems to me that we have to do
4 something nationwide that raises the perception of the value
5 that this has in contributing to national security. I mean,
6 we simply cannot exist as a country without a capable
7 intelligence community.

8 Mr. Casey. Well, I think that there could perhaps be a
9 wider perception and understanding of the magnitude of the
10 intelligence activity that's carried on here and worldwide
11 by our major adversaries.

12 Senator Wallop. Well, I think, for instance, many
13 people don't recognize the other kinds of services that are
14 involved. I note your speech in here on law, intelligence,
15 and national security workshop on the economic intelligence
16 and some of the major failures that have been going on in
17 there. And surely, that's a matter of concern to anybody in
18 a country whose major economic capability to compete within
19 its own market is declining.

20 Maybe those are areas that we ought to address in the
21 public perception of what an intelligence community does,
22 that it's not only government-to-government combat and
23 scurrilous alleys in the cities of the world, but these are
24 the requirements of a mature nation to exist and to compete
25 in the world.

1 Would you agree with that generally?

2 Mr. Casey. Yes, I do. And I might elaborate a little
3 further. This has become an increasingly competitive world,
4 and, you know, unless we can compete more effectively in
5 things like autos and steel and new energy sources which are
6 vital to defense, you can't have tanks, planes, or any other
7 kind of industrial mobilization capability without strong
8 strength in these critical industries. And we've been
9 losing. And I think that why we're losing and what needs to
10 be done, the kind of competitive abilities that's permitted
11 other nations to take these markets away is a legitimate
12 object of intelligence.

13 I think, also -- and I took a particular interest in
14 this when I was on the PFIAB -- that we should know a more
15 precise measure of the degree to which the kind of financial
16 and trade and economic aid we've provided to some of our
17 adversaries has permitted them to put a heavier
18 concentration of their output and their manpower into
19 building up the military machine which, in turn, forces us
20 to match them, and it really sucks substance out of the
21 economy and the ability to maintain and increase the public
22 living standard.

23 So there is a correlation between the economic and the
24 military. I think it's something that needs to be stressed
25 more clearly and forcibly.

1 Senator Wallop. Well, in line with that, would you
2 anticipate a more active and forceful role of the DCI with
3 regards to technology transfer?

4 Mr. Casey. Well, I really can't -- I wouldn't want to
5 say that it would be more forceful or active, because I
6 don't know quite how it is, how it functions, and how it
7 does relate to the responsibilities --

8 Senator Wallop. But you would have no hesitation in
9 expressing the real reservations of the community about the
10 transfer of given technologies that perhaps has not been
11 viewed from the perspective of the community, would it?

12 Mr. Casey. Well, there certainly have been transfers
13 of technology which I haven't approved of. Now, whether
14 that responsibility can be put -- or the degree to which
15 that responsibility can be put on the community, I really
16 don't know. This is decided at -- I have been involved in
17 it at the State Department -- this is decided at an
18 interdepartmental level, and the Department of Defense is
19 usually on one side and State and Commerce and others are on
20 the other side.

21 And I don't know the degree to which the intelligence
22 input is counted or is important now. But I think it should
23 be, and I would seek to see that it is.

24 Senator Wallop. Thank you, Mr. Chairman.

25 The Chairman. Senator Biden.

1 Senator Biden. Thank you very much, Mr. Chairman.

2 Mr. Casey, you come to this task in many ways better
3 prepared than anyone in my eight years' experience on this
4 committee. I shall begin by complimenting you on your
5 statement. I think it was a very good statement. But there
6 a few things I would like to pursue with you, if I may.

7 It seems, as I said, in my limited experience here in
8 the Senate, that most times the personal relationship of an
9 individual officeholder to the President has more impact
10 upon the formulation of policy than the institutional
11 relationship that person might have.

12 To be more specific, we have seen, to my chagrin, where
13 a less important job of national security adviser, then the
14 job of secretary of state, the degree of the personal
15 relationship impacts policy more than the degree of the
16 institutional relationship. And you are a very close friend
17 of the President of the United States of America. You have
18 been his friend for some time, as I understand it. You were
19 a chairman of his campaign. And all of us, being political
20 animals, know very well that that is a relationship, if it
21 lasts, which is one that is the closest of all. You've been
22 there when he's been way down; you've had to figure out how
23 to buoy him up. You've had to impact on when he's way up
24 and pulling him down. And consequently, you have a very
25 close personal relationship.

1 So I would suspect that your role, a very important
2 role, as DCI, coupled with your personal friendship, you may
3 have more personal impact upon policy than other DCIs have
4 had -- we haven't had DCIs very long -- other heads of CIA
5 have had, not only in terms of impacting on policies as they
6 relate to the intelligence community, but also impacting on
7 policy as it relates to a broader range of foreign-policy
8 options.

9 You cited one, transfer of technology. There is a
10 raging debate, has been for some years, as to whether or not
11 our allowing the Soviets to be in a better position to meet
12 their economic needs is beneficial or detrimental to our
13 interests.

14 The prevailing school of thought, I think, in past
15 Republican -- recent past -- Republican administrations and
16 Democratic administrations has been we're better off if they
17 are economically better off; our national interests are
18 better off. And you express a view that at least indicates
19 you may have a different perspective on that issue than is
20 the prevailing view.

21 Now, I am very curious that, in light of the fact that
22 you have not only been a producer but a consumer of
23 intelligence material from your days in the OSS straight
24 through to you're a member of the Advisory Committee on U.S.
25 Arms Control, Export-Import Bank, undersecretary for

1 economic affairs, and you've also been in an advisory
2 capacity as an outsider looking at the agency. You have
3 been on the Murphy Commission; you have been on President
4 Ford's Foreign Intelligence Advisory Board. And you
5 mentioned a new board or commission that you are on and have
6 been in the last couple of months relating to the
7 intelligence community and foreign policy in the Reagan
8 administration.

9 So if anyone should be prepared to answer questions as
10 it relates to his personal views as to the makeup of the
11 community, I would think you are more qualified than anyone
12 we have ever had before us.

13 Now, it's in light of your background and your
14 relationship to the President that I ask some of the
15 following questions.

16 I would like to first begin by asking you what has
17 become sort of a -- it's not a very high-sounding phrase,
18 but reporters will come up to me and all of us up here, and
19 say, "Well, what report card would you give so-and-so or
20 such-and-such an institution?" And unfortunately, the last
21 administration, in a sense, institutionally codified that
22 phrase "report card."

23 So I am going to ask you, since you've obviously had an
24 opportunity to view inside, outside, and around this
25 committee, this intelligence committee, what report card

1 would you give us -- not as individuals, but as a committee
2 -- in keeping the secrets, keeping the faith, so to speak?
3 How good have we been at that?

4 You clearly have looked at it. You've investigated
5 it. You have an opinion about it. And it would be very
6 helpful to me and, I hope, to some of us, to have you share
7 that view.

8 Mr. Casey. Well, you know, I don't like to disagree
9 with your, Senator, but the truth is I thought I'd let this
10 committee investigate me before I undertook to investigate
11 it. So I really don't know more than I can pick up in the
12 newspapers, and my general impression is that the committees
13 of the Congress have performed well in maintaining security
14 and maintaining the confidences that have been placed in
15 them.

16 I don't know. I can't think offhand of any significant
17 transgression in that respect on the part of this
18 committee.

19 Senator Biden. Well, it's not an idle question, and I
20 am not looking for you to compliment or insult this
21 committee just for the sake of hearing the compliment or the
22 insult. But there is a raging debate going on that the
23 Congress as a whole and this committee in particular should
24 not have access to certain documents and information.

25 The Heritage Foundation, which has been referred to,

1 members of what would be referred to as the "political
2 right," who are on the transition team, who are part of the
3 base from which the President-elect was nominated and
4 elected President, have been arguing for some months and
5 years that this committee should in fact not really exist.

6 We have tended to counter by saying, "The leaks ain't
7 coming from here, old buddy. They've been coming from other
8 places." Yet, I think the public perception, I think it's
9 important that I get you to respond in terms of how I view
10 whether or not you will be forthcoming with this committee
11 -- and I am only one vote -- the public perception has been
12 built that somehow the Congress is not capable, and this
13 committee in particular is not worthy, of being privy to the
14 most important -- all -- the secrets of the nation.

15 And I am very interested to know what your view is. If
16 you have a different view than that, I would like to know
17 that.

18 Mr. Casey. Well, it seems to me that that issue has
19 raised, and it has been debated, and there have been reasons
20 to be concerned about the leaks that came from various
21 congressional committees. But I think that has been
22 resolved in the Oversight Act of 1981.

23 I think the general perception is that the public and,
24 I think, most observers believe that a working consultative
25 relationship between the appropriate congressional

1 committees and the intelligence community can be beneficial
2 and that a sharing of information to facilitate that
3 consultative relationship and to permit the Congress to
4 discharge its oversight responsibilities is acceptable and
5 is a way of life under which we're going to conduct
6 ourselves.

7 Senator Biden. In your experience, do more leaks come
8 from this committee and the Congress or from the Defense
9 Department?

10 Mr. Casey. I really have trouble answering that. I
11 think there were some leaks from the Defense Department of
12 which I was very critical during the campaign that seemed to
13 be deliberate leaks for political purposes, and it was so
14 charged. I haven't seen anything of that kind. I would be
15 shocked if any of that kind did come from this committee,
16 and I don't in any way expect it.

17 So I would have to give this committee a better report
18 card right here than the Defense Department.

19 Senator Biden. I appreciate that.

20 Senator Jackson suggests -- and I agree -- but I guess
21 I am getting in the wrong area. I got a note that says,,
22 "Time." My last note would be, "Pull the microphone closer
23 so Senator Jackson and I can hear your responses."

24 Thank you very much. I will be back for more
25 questions.

1 Mr. Casey. I have it in my lap now.

2 Senator Jackson. Thank you, Mr. Chairman. I would
3 like to ask unanimous consent to include at the outset a
4 brief opening statement. I didn't want to take the time of
5 the committee.

6 The Chairman. Without objection.

7 (The complete statement follows.)

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 Senator Jackson. Mr. Casey, I have been following
2 intelligence matters for the last 30 years up here. And we
3 go round and round, and in the last analysis we get back to
4 analysis. It's a people problem. I have observed that our
5 ability to collect, thanks to modern science and technology,
6 is improved enormously. Would you agree?

7 Mr. Casey. Yes, I do.

8 Senator Jackson. Yet, there are, I know, without
9 getting into it here in this open session, where an
10 important country's scholar has provided more accurate
11 analysis without access to any classified information, and
12 were able to predict quite accurately what did happen.

13 And I just want to say amen to a very fine statement
14 that you made here in the opening remarks. And I think
15 everyone ought to read and the country ought to take to
16 heart your statement on page 5 when you said, "We should
17 call on young Americans to serve their country in the field
18 of intelligence. We should ask American scholars to serve
19 their country by sharing scholarship and insights with those
20 in the community who are responsible for preparing the
21 intelligence analyses used to develop foreign policy and
22 defense strategy."

23 I think the tragedy in this country is that
24 "intelligence" has become a dirty word. And the truth is in
25 the Battle of Britain it was the dons, as you know, from

1 Cambridge and Oxford that played such a critical role of
2 analysis, including the breaking of the codes.

3 We just, with all our might and all our power, need to
4 have our young people understand that there is no greater
5 calling than to go into the intelligence field, which needs
6 the disciplines that are offered by our schools -- all of
7 them. There is virtually no discipline, would you agree,
8 that's not involved --

9 Mr. Casey. That's correct.

10 Senator Jackson. -- in the need to analyze the
11 information?

12 We get all this information out on the table, and then
13 we always ask, "What does it mean?" And it is in this area,
14 I think, where the great building needs to take place.
15 These are things that we should talk about publicly and need
16 to reiterate it over and over again. And this country does
17 have the scholars.

18 I think when one asks right now of the State
19 Department, "Who is your expert on China, on the Soviet
20 Union," then you get a blank. I find that I get some of my
21 best scholarly input outside the United States. The days of
22 the Chip Bolen and the Tommy Thompsons was a sort of a
23 golden era in foreign policy and foreign relations. And I
24 just think we can do better. And I, having worked with you
25 here these last few weeks on President-elect's -- I don't

1 recall the exact title --

2 Mr. Casey. It's IFBAM, Senator.

3 Senator Jackson. Well, we keep changing it. But
4 anyway, it's foreign policy assessment.

5 Mr. Casey. Board.

6 Senator Jackson. And which I want to commend you unto
7 my colleagues that Mr. Casey has been a masterful chairman,
8 and we're looking at the whole world with all its problems.

9 It seems to me that one of the most important things
10 the new administration can do is to really carry on a
11 crusade to enlighten our people, to understand -- and
12 especially the young, yes, and the professors as well -- of
13 the importance of a good intelligence organization. Not for
14 war, but for peace. Wars can be prevented if we have an
15 accurate assessment of what's going on. And it can be one
16 of our most formidable tools in achieving peace.

17 So I don't know how you do it in detail. I think
18 you've indicated you don't have an immediate prescription.
19 Is that right?

20 Mr. Casey. Well, I don't think there is, I mean, total
21 prescription. I think you just have to work at it and reach
22 out and bring in and bring in all the talent and all the
23 scholars and all the expertise and experience you can.

24 I think also, Senator, if I might just say a couple of
25 things that your comments have raised in my mind, I think

1 the idea there is any one best scholar is a fallacy. You
2 know, one fellow is right at one stage, and then someone
3 over here who has it at another stage. You've got to reach
4 out and get a range of opinions.

5 I think the process of doing a lot of negotiating to
6 get an estimate and get that estimate expressed in words
7 that are agreed upon and negotiated is frequently
8 misleading, because the policymaker, the fellow who has to
9 make a decision, he doesn't know what exactly he's going to
10 be faced with, he doesn't know whether that estimate is
11 going to be right or wrong. So if he's doing his job, he's
12 got to prepare and adapt to meet a range of possibilities.
13 And so he's got to get the range of opinions and range of
14 possibilities and get them properly analyzed and properly
15 reflected and presented.

16 Senator Jackson. I would agree with you. The need for
17 dissent, the need to be able to advocate extremely unpopular
18 points of view within the intelligence community is
19 absolutely essential.

20 As I look back 30 years, I would say that the greatest
21 single intelligence failure and diplomatic failure of our
22 country in this century is the failure to understand China.
23 The idea that somehow China was Russian because they're
24 communist. The hardest vote I cast was to vote for Tito in
25 1948 in the House, after having shot down three American

1 planes three months earlier. And yet, we know that we
2 created and supported a heretic in the communist church and
3 it's caused them no end of trouble since.

4 And I do believe that the need for dissent and to be
5 able to voice those unpopular views within the intelligence
6 community is vital. And I think of China, in particular, as
7 a classic example of the failure of American intelligence.

8 Well, I guess I was the witness, Mr. Chairman.

9 Thank you very much.

10 I want to commend the President-elect for your
11 appointment. Not only have you had the experience, but I
12 think you've got the savvy.

13 Mr. Casey. Thank you, Senator.

14 The Chairman. Thank you, Senator Jackson.

15 I find myself in complete agreement with the statement
16 by Senator Jackson.

17 I have just a couple for you, Mr. Casey. Are you
18 giving any thought to an assistant?

19 Mr. Casey. A lot of thought, yes.

20 The Chairman. I think I would be correct in informing
21 you that Admiral Robert Inman is held in very, very high
22 regard by this committee, in fact by every intelligence
23 person I know around this world. And we, I think, again
24 speaking for the committee, do not want to see just some
25 political person sent over here to be your assistant. I

1 don't think you need much assistance, but I think Admiral
2 Inman would be a great addition to your staff if you could
3 see a way to put him on it.

4 Mr. Casey. I hope he can see his way to come. I have,
5 I think, Senator, a great need for assistance, and the most
6 experienced and professional assistants that can be found,
7 because, as you know, this job, you wear a lot of hats.
8 You've got the community to worry about, you've got the
9 agency, you've got the estimates, you've got the
10 consultation with the consumers, the White House, the
11 National Security Council.

12 So I am looking for experience and talent so I can have
13 the support to properly do the things that we have been
14 talking about this morning.

15 The Chairman. I raise the point because I read in the
16 paper that there were quite a few others being considered
17 for your assistant, and I never heard a word of any of
18 them. And we know Bobby Inman.

19 Mr. Casey. I didn't see that list. I will have to get
20 that list. Maybe some of them might be good.

21 The Chairman. Well, I won't even tell you where I saw
22 it.

23 Now, one other thing, Mr. Chairman. It's been
24 mentioned time and again here, but I think one of the
25 greatest weaknesses that we suffer is in our overseas work.

1 And I think this came about through the wrong activity of
2 the Church committee and other committees of Congress which
3 has directed assault on the intelligence family to the point
4 that I find in traveling that the overseas offices are
5 afraid to engage in covert activity without first thoroughly
6 discussing it with the home office for fear that their
7 futures will be jeopardized.

8 Now, I don't want you to explain in detail what your
9 feelings are about it, but I think I speak for many people
10 interested in the profession that if we don't have overseas
11 offices free to act covertly without going back home, we're
12 going to get in the same kind of a fix we were in in Vietnam
13 when pilots couldn't attack targets of opportunity.

14 So I wish you would give that your thorough thought.
15 And if you would like to talk to the committee further about
16 it, I know the committee would be very happy to talk with
17 you.

18 Mr. Casey. Thank you.

19 The Chairman. Now, I may ask the committee -- it's
20 coming up 12:00 o'clock, and we don't want a recess -- do
21 any of you have any other questions?

22 My second-in-command here has a question.

23 Senator Moynihan. Well, if I may, Mr. Chairman, an
24 observation, I think, first to suggest what the chairman has
25 said about Admiral Inman I cannot but think is the

1 near-to-unanimous view of this committee. And certainly, it
2 would be mine and you are making it your choice. And you and
3 the President will make it.

4 I wondered if I could make an observation about Senator
5 Biden's remarks, because I think that they could have been
6 misinterpreted when he said, "Do you think that there has
7 been more leaking from the Defense Department than from this
8 committee?" That's sort of comparing Niagara Falls to an
9 old tin roof, you know. But we don't ask you to make that
10 judgment until you've had experience.

11 But I wonder if it wouldn't be inappropriate for me to
12 say if the time comes when you think that anything serious
13 has been compromised by virtue of information given this
14 committee, I would hope you would say so. I hope you tell
15 us. And if you feel so, tell the nation. We're not immune
16 from your criticism. We have been very vigilant, I think.
17 But if we have not been successful and it's your judgment
18 that we haven't been, you tell us, because this matters.

19 Mr. Casey. You can be sure I won't be bashful about
20 that, Senator.

21 Senator Moynihan. No, I mean really. But I would like
22 to just ask one question to bring us home for just a
23 minute. And that is to say, have you given any thought to
24 how we can improve our counterintelligence activities? We
25 have been concerned with this. We observed what appears to

1 be widespread Soviet interception of American telephone
2 communications. We saw some very -- some phenomenally
3 successful espionage in the Boyce-Lee affair in California
4 and the Campillas affair. And then we saw Mr. Boyce escape
5 from prison, and it turns out -- you may not know this; I
6 certainly didn't -- that when you escape from a federal
7 prison you are pursued by federal marshals, which is to say
8 when you escape from federal prison you are free.

9 (Laughter.)

10 Senator Moynihan. And if you don't know it and I don't
11 know it -- and Mr. Boyce obviously knows it because he now
12 gives interviews with the New York Times about what it's
13 like, how he visited Mexico, he's going to Canada, he's here
14 in the Rocky Mountains here for the moment, the skiing is
15 good, say "Hello" to the folks.

16 Counterintelligence is a question, is it not, sir? I
17 think there is a demonstrable increase in Soviet activity
18 and block activity. And that may require some
19 reorganization. I just put that to you as something the
20 committee is concerned about without having fixed views. .

21 Mr. Casey. Well, I am very concerned about that. That
22 relates to the question of security that's been raised,
23 leaks that has been raised. And also, the danger that
24 someone is successful in operations that have been conducted
25 by our adversaries can deceive us and mislead us at enormous

1 cost and enormous risk.

2 So I don't know exactly what needs to be done. With
3 respect to strengthening our counterintelligence capability,
4 I have understood that it had been severely diminished, loss
5 of experienced people and that kind of thing. And it's
6 certainly, Senator, one of the first things we have to try
7 to rebuild.

8 Senator Moynihan. I thank you.

9 The Chairman. Senator Huddleston.

10 Senator Huddleston. Mr. Casey, I too want to commend
11 your opening statement. I found it reassuring. And my
12 study of your resume indicates to me you are not only a man
13 of your word but a man with the resourcefulness, ingenuity,
14 and personal resolve to carry out your objectives.

15 We've been talking, and there's some question raised
16 about the perception that people have of intelligence and
17 the need for intelligence operations. I would suggest that
18 a part of that is the fact that a delineation has not been
19 made, and the press doesn't make a very good delineation
20 between intelligence-gathering or information-gathering and
21 covert action, which our chairman has discussed a minute
22 ago. I don't think anybody -- certainly nobody I come into
23 contact with; maybe my folks in Kentucky are smarter than
24 others -- have any concern at all about having the greatest
25 informational gathering and analysis operation that you can

1 possibly have.

2 I don't think we get into any trouble gathering
3 information in the world, even though we do it in a secret
4 way and we do it in all kinds of ways, because everybody
5 expects -- by that I mean every country expects -- every
6 other country to engage in gathering information. A lot of
7 that gathering is a very unglamorous and unintriguing and
8 undangerous. It's just reading newspapers and listening to
9 radios and trying to pick up scuttlebutt at embassy
10 parties. And all other degrees, too, of course.

11 But covert action is a different thing. We know it's
12 anything from putting a news article in a foreign press to
13 planning an assassination to carrying out a full-scale war.
14 And it ought to be treated differently, I think. And I
15 think when you lump all these kinds of activities in just
16 the term "intelligence," you're not really getting at the
17 problems that we're confronted with.

18 Every committee I have been on in the Congress has
19 concluded that we ought to have covert action in certain
20 circumstances. And the executive orders provide for it.
21 And indeed, it does go on and continues to go on.

22 You were a member of the Murphy Commission, as has been
23 indicated already, which was the Commission on the
24 Organization of the Government for the Conduct of Foreign
25 Policy. I think it concluded its work about 1976. And it

1 had in its findings and recommendations sections dealing
2 with intelligence, and particularly with covert action. I
3 would like to quote from it, if I might just briefly:

4 "Many dangers are associated with covert action. But
5 we must live in the world we find, not the world we might
6 wish. Our adversaries deny themselves no form of action
7 that might advance their interests or undercut ours. In
8 many parts of the world, a prohibition on our use of covert
9 action would put the United States and those who rely on it
10 at a dangerous disadvantage. Covert action should not be
11 abandoned but should be employed only when such action is
12 clearly essential to vital U.S. purposes and only then after
13 careful high-level review.

14 "Covert action should be authorized only after
15 collective considerations of their benefits and risks by all
16 available 40 committee members. In addition, covert acts
17 should be reported to the proposed joint committee of the
18 Congress on national security or to some other appropriate
19 congressional committee."

20 I would just inquire if you subscribed to those
21 statements at the time the report was issued and whether you
22 do at the present time?

23 Mr. Casey. Yes, Senator, I did subscribe to that
24 recommendation. And it generally reflects my views today.

25 Senator Huddleston. And one other statement that was

1 made by that report, "A new era of cooperation between the
2 executive and congressional branches in foreign relations is
3 vital to the security of our nation and the peace of the
4 world." And you subscribed to that, then?

5 Mr. Casey. Amen. Yes.

6 Senator Huddleston. That's all I have, Mr. Chairman.

7 The Chairman. Senator Biden, did you have anything?

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 Senator Biden. Mr. Murphy, these hearings are
2 difficult -- I beg your pardon, Mr. Casey. You can call me
3 "Bidden."

4 (Laughter.)

5 Senator Biden. Mr. Casey, I realize these hearings are
6 difficult in the sense that we are seeking to get a sense of
7 how you are going to run an agency. And we ask specific
8 questions and you in turn, in order to keep your options
9 open, as you should, must give general answers.

10 But you gave an answer to the last question of Senator
11 Huddleston when he quoted from the Murphy Commission and you
12 said, that generally reflects my view. Can you give us an
13 exception to that general rule?

14 Mr. Casey. Well, what I had in mind when I inserted
15 the word "generally" -- I do not know if I can exactly quote
16 the paragraph -- was the condition there that covert action
17 should be used only when it is of the greatest importance.
18 Now, I believe there has been a kind of redefinition. It
19 has become a word of art and there has been included in the
20 concept of covert action, as I understand it, either by
21 regulation or law or in some way, a specified range of
22 things, some of which are not of the greatest importance. I
23 would not want to exclude them, and that is the only reason
24 I put in the word "generally."

25 There are some things, now, I think when we are

1 thinking about strong covert action when you try to
2 intervene in the internal affairs or to influence an
3 election, as we did in Italy in 1948, I think that kind of
4 thing you only do when it is of the highest interest to the
5 United States and when the President and the appropriate
6 authorities perceive it to be.

7 Now, there are other things of a lesser nature which
8 have now been included in the concept of covert that I do
9 not think we had in mind in framing that language.

10 Senator Biden. Can you give me an example of one of
11 those things, as you did with the situation in Italy?

12 Mr. Casey. I do not think I should in open session. I
13 would be glad to give you an example privately, as I think I
14 did when we talked the other day, involving a minor
15 journalistic effort.

16 Senator Biden. Well, the reason why I followed it up
17 is, as you can tell from various comments on this Committee,
18 there is at least a slight difference in perception of what
19 the degree of accountability is that should exist. And as I
20 understand and read and read the Murphy Commission report,
21 really what we are talking about is accountability,
22 accountability of the agency.

23 I thought that the thrust of whether or not the
24 Congressional Committee exceeded what it should have, the
25 whole thrust of the Congress' involvement in investigating

1 the intelligence community was, the conclusion reached, one
2 of the conclusions reached, was that most times when the
3 Agency or individuals in the Agency got themselves in
4 trouble it was because there was not anybody accountable.
5 There was not anyone who you looked to. There was not one
6 person who banged the gavel and said yes or no.

7 That was one of the major reasons why the Congress, in
8 conjunction with the Executive branch , one of the
9 conclusions reached, was that most times when the Agency or
10 individuals in the Agency got themselves in trouble it was
11 because there was not anybody accountable. There was not
12 anyone who you looked to. There was not one person who
13 banged the gavel and said yes or no.

14 That was one of the major reasons why the Congress, in
15 conjunction with the Executive Branch, in effect created the
16 job you are now being questioned about, that is, the DCI.
17 It was accountability.

18 And your experience goes back a long way, my
19 understanding is as far back as the inception of
20 intelligence operations in this country. It sort of grew
21 out of Pearl Harbor, when a commission was set up to
22 investigate, why did we not know. Then from there there
23 were a number of occurrences that went on.

24 But it would seem to me that if we looked over the
25 history of the past 40 years, accountability has

1 significantly improved the efficiency of the Agency, not
2 only the efficiency but the effectiveness of our
3 intelligence operation. There seems to be a school of
4 thought out there that that accountability is somehow
5 inhibiting the Agency.

6 As a matter of fact, it is interesting to note that an
7 internal Nixon Administration study of the intelligence
8 community conducted in '71, four years prior to the
9 so-called Truth Committee, concluded, quote: "The
10 operations of the intelligence community have produced two
11 disturbing phenomenon. First is an impressive rise in size
12 and costs. Second is an apparent inability to achieve
13 commensurate improvement in the scope and overall quality of
14 intelligence products." End of quote.

15 And throughout our career as a Committee -- I have been
16 on this Committee since its inception -- we have striven, I
17 think it is fair to say, to improve the intelligence
18 community. And the point I guess I am trying to make is one
19 in which I would be interested to know your views, is that,
20 rather than leashing or destroying or dismantling the
21 intelligence community, the Congressional Oversight
22 Committee has not interfered with its effectiveness and in
23 fact has positively impacted on its activities.

24 And I wonder if you can give us your view on the view
25 that I just stated?

1 Mr. Casey. I think that the relationship between the
2 community, its leaders and this Committee should not retard,
3 or I do not see how it would retard, and can only improve by
4 infusing new ideas and demanding higher standards of
5 performance.

6 Having said that, I would like also to supplement it by
7 saying I think that there is a potential built-in conflict
8 between performance and accountability, which can be
9 handled. Senator Goldwater properly stressed the potential
10 danger of requiring examination and approval of everything
11 that is done in a far-flung operation of anything that the
12 United States Government is involved in has a danger of
13 impairing initiative and making it impossible to do things
14 that are important and beneficial, but need to be done now.

15 There are targets of opportunity. I think the way you
16 have to handle those dilemmas is establishing workable
17 guidelines within which your people can function and operate
18 within standards that are acceptable. Then if something is
19 done that exceeds those guidelines, then you have got to
20 deal with that. You have got to know about it, you have to
21 get it reported on, and you report on it.

22 But I think there is a point at which rigid
23 accountability, detailed accountability can impair
24 performance, and I think that that should be recognized.

25 Senator Biden. Do you make a distinction between

1 covert and clandestine activities?

2 Mr. Casey. I have not thought about it, but I
3 understand the two words differently. Covert primarily
4 brings to my mind unacknowledgment --

5 Senator Biden. I beg your pardon?

6 Mr. Casey. Non-acknowledgeability. Clandestine
7 activity is one that is secret, that is not necessarily
8 non-acknowledgeable.

9 Senator Biden. The way in which I think we have tended
10 to deal with it on this Committee -- I can make a
11 hypothetical case. If we were eavesdropping on the planet
12 Mars, the folks who live on Mars, and we planted a receiver
13 in the president of the planet Mars' ready room, that would
14 be a clandestine activity.

15 If in fact we planted a person in there who had as his
16 objective the objective to do something to or about, to
17 alter the action that the president of Mars was about to
18 take, that would be a covert activity. That is generally
19 how we treat it.

20 Mr. Casey. It might also be clandestine.

21 Senator Biden. It might also be clandestine. But the
22 reason I raise it is not unimportant. We had a little bit
23 of a fight -- at least I do not think it is unimportant.

24 We had a little bit of a dilemma with the last
25 Administration as to whether or not a clandestine activity

1 which could have a great impact upon our foreign policy and
2 whether or not we were dragged into or out of a conflict
3 should be treated in the same way as a covert activity.

4 Everyone acknowledged we should be made aware, within
5 the scope of the rules of the Committee, of any covert
6 activity. But some suggested that they not require the
7 Administration, if they were planting a bug in the president
8 of Mars' ready room, that we should be aware of the fact
9 that we had a clandestine operation under way.

10 And I am wondering whether or not you have a view as to
11 our right to be aware of major consequential clandestine
12 activities that the agency has underway or would have
13 underway under your situation.

14 Mr. Casey. Well, my off the top of my head response to
15 that is that a major, sensitive clandestine collection
16 operation which could entail embarrassment or danger if it
17 did not work is the kind of thing that ought to come to your
18 attention. Other things that are more routine as a
19 practical matter of doing business you would not expect to
20 have brought to your attention unless something went wrong
21 with them, and in this case you would expect to have it
22 reported to you.

23 Senator Biden. My time is up. I will come back on the
24 second round. Thank you -- or the third round.

25 The Chairman. Are there any other questions that other

1 members of the Committee would like to pose?

2 Senator Huddleston. Mr. Chairman, can I just make one
3 short comment? I just did not want us to leave, in our
4 eagerness to improve our intelligence operation and our
5 analysis, and the perception that the American people have
6 of our intelligence and that we have ourselves of our
7 intelligence, without pointing out that intelligence
8 gathering and analysis is not an exact science.

9 No matter how well we operate, no matter how efficient
10 we get, no matter how good minds we get to apply to the
11 problem, there will always be instances where we
12 miscalculate, number one; and secondly, the best
13 intelligence in the world is not going to keep situations
14 from developing around some spots in the world adverse to
15 the interests of the United States.

16 What happens so frequently, as I have seen it, every
17 time something happens that is not to our interest, there is
18 a great cry that there has been an intelligence failure,
19 when in fact in many cases it has not been an intelligence
20 failure at all.

21 So I think we have to keep in mind that we are not
22 going to get to the point where we can control all of the
23 events all over the world, regardless of how good our
24 intelligence might be.

25 Senator Biden. Mr. Chairman, I do not know what the

1 Committee's plan is. I have, not in an effort to delay, at
2 least 15 to 20 minutes more questions. And I will not ask
3 the questions if anyone on the Committee thinks they are
4 inappropriate as I frame them, and I will not pursue it.

5 But I would like to -- I know it seems like you are
6 trying to work out a time problem here, and I have at least
7 15 more minutes of questions that relate to substantive
8 areas, not any fishing expedition.

9 The Chairman. There is a time problem. Would the
10 Senator like to submit the questions in writing? Because I
11 quote Rule 5.5: "The Committee vote on the confirmation
12 shall not be sooner than 48 hours after the Committee has
13 received transcripts of the confirmation hearing, unless the
14 time limit is waived by unanimous consent of the
15 Committee."

16 And it would be the Chairman's idea that within 48
17 hours of this time we would poll the Committee to find out
18 what vote they care to make. But many of us have hearings
19 coming up shortly that we have to be prepared for and other
20 commitments. So I suggest that submitting the questions in
21 writing might be a more appropriate form.

22 Senator Biden. Mr. Chairman, I suspect it will take
23 longer to answer them in writing and further delay our
24 ability than if I just take the next 15 minutes and ask
25 them. I give you my word, I have no intention of

1 objecting. I agree to any unanimous consent request.

2 We are now at 19 minutes after. How about if I agree
3 to stop asking questions by 20 minutes of 1:00, and then if
4 I have any left I will submit them, but I will not even
5 attempt to submit them -- it will certainly take longer and
6 take more of the Committee's time for me to submit them in
7 writing and have them answered in writing.

8 The Chairman. You have until 25 minutes of 1:00. Go
9 ahead.

10 Senator Biden. Thank you very much, Mr. Chairman.

11 By now I know, as they say in the South, I know how
12 y'all felt being in the minority.

13 The Chairman. You will get used to it.

14 Senator Biden. I hope I can act responsibility.

15 Mr. Casey, back to the point I was making about the
16 distinction between clandestine and covert. The reason I
17 did that is that we have a law that covers them both, and I
18 just wanted to know your view, rather than refer to the
19 law.

20 The law that we have passed points out that there are
21 different ways in which intelligence can be gathered. And
22 we have in our legislative history, as I recollect our
23 discussion of the law, the oversight provisions speak to,
24 quote, "significant anticipated intelligence activities,"
25 end quote. They include more than just covert operation.

1 Now, I want to make sure that I understand. Do you
2 agree with that interpretation, the phrase "significant
3 anticipated intelligence activity" includes more than merely
4 covert activity?

5 Mr. Casey. Yes.

6 Senator Biden. Fine, thank you. Now, the legislative
7 history -- well, I guess I pretty well covered that. In the
8 interest of getting this finished up, I will try to go
9 pretty quickly here.

10 You know, it was raised very forthrightly by Senator
11 Moynihan, the issue of ITT and the letter received
12 commending you on your chairmanship at that time and the
13 manner in which you handled that issue. And we are all
14 aware you have been confirmed twice since that whole thing
15 came up by other Committees. My recollection is I voted for
16 you on those occasions.

17 But I do think there is a distinction, a difference
18 that is worth being made here, but not one that would impair
19 your ability to have this job or my view of whether or not
20 you should. But I think it is worth pointing out. And that
21 is that the difference between Congressional oversight of
22 the intelligence agency and the oversight of the SEC is
23 that, A, with the exception of the FBI, the intelligence
24 community does not have investigatory files for law
25 enforcement purposes; and, B, there exists a statute

1 authorizing oversight Committees to be furnished all
2 information, which we have already discussed.

3 Now, the debate usually surrounding prior Committee
4 confirmations of you as it related to ITT surrounded whether
5 or not you in any way impeded the pursuit of justice. And I
6 think it is kind of hard to argue that you impeded the
7 pursuit of justice when you gave the Justice Department the
8 files.

9 But there is a different issue at issue here, and that
10 is whether or not under similar circumstances, if this
11 Committee was seeking to gain information which statutorily
12 you would be required to give, whether or not you would do
13 what was done there, and that is transfer those files to
14 another agency, in this case the Justice Department, in
15 order to prevent us or inhibit us from gaining access to
16 those files.

17 Even though that would not be impeding a criminal
18 prosecution in any way, it would be a direct attempt to
19 delay the right of this Committee to have access to
20 information. And I would assume from the way you have been
21 so forthcoming that you would not countenance doing that;
22 would you?

23 Mr. Casey. No, I could envision no circumstances under
24 which that would come up. This was a special circumstance
25 where I was chairing a Commission which had responsibilities

1 of an oversight nature to the Congress and responsibilities
2 to protect potential criminal prosecution to the Justice
3 Department, and those two obligations came in conflict.

4 It had been traditional practice and a long-standing
5 practice of the Commission not to deliver information from
6 open investigative files. What was done was an act of the
7 whole Commission, voting unanimously.

8 Senator Biden. By the way, I for one do not question
9 what you did there. I just wanted to make the point.

10 Mr. Casey. Well, I see no analogy at all, no common
11 circumstance.

12 Senator Biden. Fine. Also, you know, the present
13 executive order -- you indicated, at least I thought, there
14 is no new order on the shelf ready to be pulled off. You
15 haven't made your mind up about that.

16 But the present executive order required that illegal
17 intelligence activities be reported to this Committee.
18 Would you envisage any executive order that would not
19 require that? I am informed that that is present law. I
20 have Executive Order 12036. It may also be required in the
21 law. Is it also in our statute? Well then, that answers
22 that question.

23 Do you feel that that also should apply to improper, as
24 opposed to illegal, as distinguished from illegal activities
25 of the intelligence community? Let me put it another way.

1 Do you think in your role of trying to build the morale
2 of the Agency that, if you are required to come to this
3 Committee and say, hey fellows, you know, the Agency really
4 blew it and such and such improper activities have occurred
5 -- what impact do you think that would have on your
6 effectiveness to do what you feel has to be done with the
7 Agency?

8 Mr. Casey. None.

9 Senator Biden. None. All right.

10 All right. Then I assume -- and I think it is
11 important to ask it for the record -- you would have no
12 reluctance to report to this Committee or to comply with
13 existing legislation, even if it would prove to be an
14 embarrassment to the President of the United States?

15 Mr. Casey. No.

16 Senator Biden. I am almost there, Mr. Chairman.

17 Now, one of the areas of conflict that exists -- and it
18 is very difficult, and I do not expect you to be able to
19 answer this, but I expect you to consider it -- is that in
20 the good old days, from my perspective, when the Democrats
21 were in control, I happened to have been Chairman of a
22 Subcommittee on the Judiciary Committee, which I now rank
23 on, and the corresponding interest on this Committee and on
24 the Foreign Relations Committee, of which I am a member,
25 that relates to international drug trafficking and organized

1 crime.

2 And what I have found in our studies and discussions
3 with agency people, the State Department people, and with
4 FBI agents, DEA agents, Customs agents, et cetera, is that
5 neither State nor the intelligence community views the
6 international drug trafficking or organized crime activities
7 as something that really comes up on their scope. It is not
8 really much of a priority.

9 And I am not suggesting that it should be. But I would
10 like to ask you whether you would be willing to have someone
11 under your command look into and be willing to speak with me
12 and others about the ability to greater coordinate,
13 coordinate to a greater degree the issues relating to
14 international drug trafficking.

15 You have access to information in files. You are
16 uniquely situated. The FBI has concerns that would impact
17 upon the foreign involvement of organized crime, not
18 American citizens. Would you be willing to talk with me and
19 others about that?

20 Mr. Casey. I will look into that and talk to you as
21 soon as possible.

22 Senator Biden. I appreciate that very much.

23 Now, one of the issues I raised this very morning with
24 General Haig in another room in another building related to
25 the whole question which has been raised here about leaks

1 and particularly the leaks that occurred in the transition
2 team. And by the way, they occurred in a Democratic
3 Administration. That is not to suggest that somehow you had
4 done anything improper if they occurred.

5 But what is disturbing is what Senator Moynihan has
6 pointed out, is that over the last five years, more than the
7 first three years that I have been here, that leaks have
8 been a way where there has been a very conscious effort to
9 affect policy, to put pressure on your own man, whether your
10 man at that time was a Democratic Administration or a
11 Republican Administration.

12 It seemed clearly that the leaks that we referred to
13 with regard to the transition team were definitely done to
14 impact and influence policy, to put the new President, the
15 President-Elect in a position that would make it difficult
16 for him to take a position different from that which was
17 leaked.

18 Now, I asked the question, and I ask it of you: We
19 have been arguing here in this Committee -- "debating" is a
20 better word, I guess -- off and on for the past year the
21 question of what -- and in the Judiciary Committee -- the
22 question of what actions we should take, if any, as a
23 Congress to help plug up those leaks. And some have
24 suggested, not many, but some have suggested that if we
25 cannot find the person who leaked the information, many

1 times, as in the case of the "New York Times" correspondent
2 referred to, many times we can find the person to whom it
3 was leaked, because he or she waves the paper, prints it in,
4 puts their bylines on it, and says: Here, this is
5 classified this is top secret. And some could argue that it
6 is injurious to the national interest.

7 Now, if we can identify that person, should we begin to
8 try to take action against that person? Because sometimes
9 it is so hard to find who leaked the information. We can at
10 least find the one who published the information. Should we
11 take action against the person who published the information
12 if it is clearly detrimental to U.S. interests?

13 Mr. Casey. That is a question on which I do not think
14 I could come up with a position on the spur of the moment.
15 It has been litigated in the courts. There has been
16 developed a sort of a journalistic privilege comparable to
17 an attorney's privilege. And certainly I am concerned. If
18 the national interest is seriously injured, it certainly
19 warrants then the protection of a journalistic source.

20 But that is such a complicated question, with so many
21 considerations and so much precedent, that I do not think I
22 would want to take a position at this time.

23 Senator Biden. Mr. Casey, I am not asking you to take
24 a policy position. I am not asking you to speak for the
25 President of the United States. I am not even asking you

1 what you will do when you are Director.

2 But I am asking you, a man who has a wealth of
3 experience by a factor of four more than I and many members
4 of this Committee, what your personal view is.

5 Mr. Casey. I do not have a considered personal view
6 and I do not want to express an unconsidered personal view.

7 Senator Biden. One of the mild, I would acknowledge,
8 but one of the concerns raised that I think should be on the
9 record is whether or not, because of your background as a
10 producer of intelligence, having occurred at a time, a
11 period of time when there was much less sophisticated
12 technological capability than that which exists today, that
13 having been the case, that you might have a tendency to
14 naturally rely more on human intelligence sources than on --
15 hold on, let me check a minute. I have to see whether I can
16 use a phrase.

17 (Pause.)

18 Senator Biden. I know what it is. I just want to make
19 sure that I can say it.

20 Rather than on signals intelligence or other forms of
21 intelligence gathering, whatever. Do you feel that you will
22 have that inclination or do you feel comfortable with the
23 more sophisticated means of gathering intelligence than
24 human source intelligence?

25 Mr. Casey. I certainly do. I think they are

1 exceedingly valuable. Indeed, I think as I reflect on World
2 War Two, the technical means, the overhearing of the
3 signals, were much more important than the human means. The
4 human means were supplementary. And the real trick in
5 intelligence is in putting them all together, getting the
6 mosaic, and then forming a judgment about what it all adds
7 up to.

8 So I do not think you can exclude any source that will
9 provide the links that might give you the right answer. I
10 certainly think the technical means are terribly important,
11 but they certainly do not eliminate the need for human
12 source information, overt and covert.

13 Senator Eiden. Do you think there is a need to
14 drastically increase the number of human source intelligence
15 people? I am getting right there on time, with 15 minutes
16 gone.

17 Mr. Casey. I do not know. I do not know what we
18 have.

19 Senator Biden. Well, at the expense of ruining the
20 man's reputation, I would like to concur with Senator
21 Goldwater. We do agree on a lot of things and one is that
22 the absolute best, unquestionably the absolute best person
23 in every respect that has ever testified before this
24 Committee is Admiral Inman. In my opinion he is the single
25 most competent man that exists in the entire United States

1 of America with regard to the intelligence community.

2 I think you would be well served if you ended up
3 considering him. And I tell you what: When you get a
4 problem -- I am probably building our own demise here -- you
5 send him up. He knows a way around us. That is the only
6 drawback to him. But he is super, super competent,
7 forthcoming, honest, and very, very, very good.

8 Mr. Casey. I share that view, Senator, strongly.

9 Senator Biden. Thank you, Senator, for your
10 indulgence.

11 The Chairman. Thank you. I hope you apply the same
12 reasoning to General Haig.

13 Senator Biden. I just hope General Haig has those
14 competent people behind him.

15 The Chairman. The Senator from New York?

16 Senator Moynihan. Mr. Chairman, in the interest of
17 Admiral Inman's future in our community, I wonder if the
18 Senator from Delaware would amend his remarks to say that
19 Admiral Inman is the second most capable person in the
20 community.

21 Senator Biden. He may become the second most. Right
22 now he is the most capable.

23 We have an expression in my state, and you are very
24 familiar with it, being involved in political affairs, Mr.
25 Casey. You know, you say, I will campaign for you or

1 against you, whichever will help the most. If it is
2 concluded that it would help for me to be against Admiral
3 Inman, I will so insert a statement to that effect.

4 Senator Moynihan. Mr. Chairman, I want to make two
5 other quick remarks. One is to say that I am sure Senator
6 Biden will agree, there is not a trace of disposition in
7 this Committee to hold journalists responsible in any way
8 for the behavior of public officials. We are concerned
9 about the behavior of public officials and that is where our
10 concern stops.

11 And secondly, Mr. Chairman, if you will indulge me,
12 Senator Inouye would have wished to be here. He was our
13 first Chairman. He has not been well. He is getting over
14 it. But he asks to send his regards to you and excuses to
15 the Chairman.

16 Thank you.

17 Mr. Casey. Thank you.

18 The Chairman. I thank you.

19 Does anybody else have any comments? I said that real
20 quietly.

21 We will poll you, according to the rules, some time
22 afternoon on Thursday as to your disposition toward our
23 candidate.

24 And I want to thank you, sir, for being here. You have
25 done a splendid job.

1 And with that, the Committee will stand adjourned.
2 (Whereupon, at 12:37 p.m., the hearing was adjourned.)

3 * * *

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25